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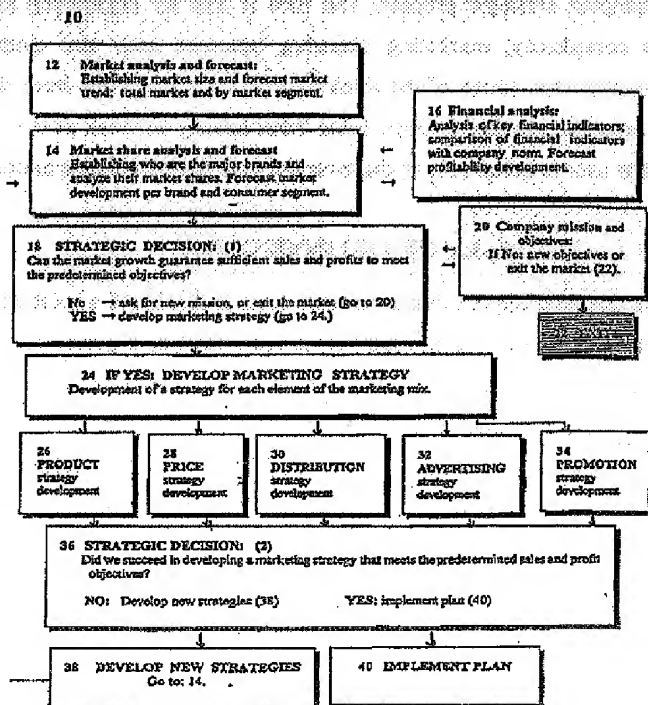
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(54) Title: METHOD AND APPARATUS FOR INTERACTIVELY PREPARING MARKETING PLANS



(57) Abstract: A method is disclosed for devising on a computer a marketing plan for a particular product/service provided by a given entity. The method comprises the steps of defining one or more variables that are used to carry out the method, creating a series of charts for implementing a processing of analyzing the defined variables, and defining a product name, a time frame over which a process of analysis is carried out; and a geographic unit in which the product is marketed. The process of analysis (14) includes the steps of analyzing the size of the market for the particular product and forecasting the size of the market within the frame, identifying the major brands of the particular product within a given geographic unit and calculating the entire market for the particular product within the given geographic unit, determining the share of the entire market of the particular product marketed by the entity, setting goals as to the profit level of the particular product of the entity and monitoring the current profit level of the particular product with the profit level goals (28).

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**METHOD AND APPARATUS FOR INTERACTIVELY PREPARING MARKETING PLANS**

5 An interactive marketing planning system and method are disclosed for assisting marketing professionals in developing strategies for each element of the marketing mix and then combining them into a business plan. The marketing planning system is set up in advance to lead the planner through the planning process following a logical path, while remaining an open system in which experts may incorporate their own ideas.

10 The program contains a list of information needed for business analysis and explains how to define the key variables for a particular business. After the numbers are entered in the main chart, the plan can access the subcharts by hitting ^S. In the subcharts and the graphs, the system rearranges the data in several creative ways so as to reveal their true meaning in a marketing context. The planner has a certain task to perform in each chart. The charts ensure all of the relevant data for performing the prescribed task - be it analysis or decision making - are incorporated in the chart and shown to the planner. With the aid of the function keys, the marketing planning system gives marketing advice,  
15 helps identify strategy options and draw conclusions from each chart. The summary of the conclusions will be the basis for the business plan.

**BACKGROUND OF THE INVENTION**

20 This invention relates to an interactive on-line marketing planning system that assists the marketing professionals in developing strategies for each element of the marketing mix. Marketing planning is based on a complex strategic process. The idea is that by organizing and providing a logical structure for that complexity, marketing planning becomes easy and simple to use and communicate, even to non-planners. Much of the thinking and organizing has been done before the planner sits down with a personal computer. Once freed from having to think about the logic of the market planning process, the user is better able to discover the real business opportunities.

**SUMMARY OF THE INVENTION**

25 In accordance with the teachings of this invention, there is disclosed a method of devising on a computer a marketing plan for a particular product/service provided by a given entity. The method comprises the steps of defining one or more variables that are used to carry out the method, creating a series of charts for implementing a process of analyzing the defined variables and defining a product name, a time frame over which a process of analysis is carried out, and a geographic unit in which the product is marketed. The process of analysis includes the steps of analyzing the size of the market for the particular product within a given geographic unit and calculating the entire market for the particular product with the given geographic unit, determining the share of the entire market of the particular product marketed by the entity, setting goals as to the profit level of the particular product  
35 of the entity, and monitoring the current profit level of the particular product with the profit level goals.

whether the current profit level is below the profit level goals, and if below, discontinuing the marketing of the particular product.

- 5 In a still further aspect of this invention, this method of devising a market plan further includes the step of developing a marketing strategy for the particular product, wherein the marketing strategy is a function of the following strategies: the development of the particular product, setting its price, determining its distribution, planning its advertising and determining its promotion strategy. When the current profit level of the particular product is compared with the profit level goals and, if less, adjusting one or more of the strategies.

## 10 DESCRIPTION OF THE PREFERRED EMBODIMENT OF THIS INVENTION

- The marketing planning system carries out the following operations. It organizes the planner's every day work process by providing space within the computer program for all information, assumptions and conclusions - everything the planner needs. It stores all the information in its marketing context and can be accessed and manipulated by a single keystroke. In addition to being a data base and a spread sheet, the program also incorporates a word processing function for recording observations and conclusions.

- 15 The system process that organizes and provides a logical structure for the complexity of marketing planning and making it easy and simple to use and communicate, even to non-planners, is original and proprietary. The system has laid out the process, in an interdependent system of charts, which marketing planners should go through when preparing a marketing plan. It encompasses every major decision a planner has to make to develop a strategy. The completeness of charts makes sure that nothing gets overlooked.

- 20 The program structure provides a way for the program to lead the planner through the planning process from analysis to strategy (i.e. the menus and the sequence of the charts). Each data can be entered only at one particular place within the information flow and it can be changed only at that particular place.

- 25 One of the most important problems in business is to know what information is needed in order to understand the business. The second, when the information is available, how to analyze data so as to understand their marketing relevance. The market planning system provides the answers to both these questions in an original and proprietary way: (1) List of information needed: the planning system comprises a comprehensive list of data needed for understanding the business, and the data is stored in meaningful charts and graphs instead of in a simple straight data base - thus immediately revealing the marketing significance of the numbers. Each charts incorporates all the information necessary for accomplishing the prescribed task. (With the aid of the F3 key, the planner can access the information needed for the particular chart.); and (2) How the data is analyzed: the program rearranges the data entered in the main chart in subcharts and graphs in different ways so as to reveal



new way of looking at numbers and understanding their meaning.

5 The tasks assigned to the function keys make sure that marketing advice is available to the planner at each chart. By hitting the F1 key, for example, the user will find in addition to a description of how to fill in the chart, a description of the marketing purpose of the chart as well as a short description of the pertaining marketing concept. Under the F4 key, the system lists the assumptions and the operations that the user needs to make. The F5 key lists strategy options under various market conditions. Through analysis, the user understands the market conditions and by consulting the list, it will be easy to decide on the right strategy. The F6 key lists the conclusions the user has to draw from each chart. This will facilitate the analysis and make it easy to draw the right conclusions. The function keys work as a marketing consultant. (See description in Fig. 12)

10 The provision of a word processing function attached to each chart makes it possible that the planner can record his assumptions and conclusions chart by chart. It is very difficult to remember our thoughts, ideas and assumptions on which the market forecasts or marketing strategies were based. These functions (F4 and F6) make it easy for the planner to remember even after years. They also serve as a market monitoring system. The planner will constantly check to what extent the assumptions became reality. Should the assumptions turn out to be incorrect, the planner will need to revise the plan immediately. The planning system also provides a list of assumptions and conclusions needed per chart. By following the planning system step by step the non-planner will acquire the marketing process.

20 In summary, the marketing planning system is an integrated marketing data base with easy access and update capabilities. It is: (1) a quick and efficient competitive analysis model, (2) a marketing and strategic planning model, (3) a tool for making "what if" calculations in seconds, (4) a market monitoring instrument, (5) a marketing teaching instrument.

25 The method of marketing planning of this invention comprises the following steps: Step (1): The first step in business analysis is to identify the key variables influencing market development. The marketing planning system lists the types of data needed for business analysis and gives guidelines how to define the variables relevant to a particular industry. Step (2) The process comprises a series of charts following a logical sequence from analysis to strategy for each element of the marketing mix. The data will be entered in the charts although the program stores them in a database. Each number can be entered only at a special space, where its marketing meaning is the most relevant. Once the data is entered, the planner can access the subcharts and graphs which rearrange the numbers and thus reveal the underlying characteristic trends of the business. The program encompasses approximately 60 different charts, 60 subcharts, and 20 graphs. Step (3) The planner evaluates the market situation and draws strategic conclusions from each chart. The planning system facilitates market forecasts (by hitting F7), and allows the planner to evaluate the effects of alternate scenarios. It is true that we can make "what if" calculations with a regular spreadsheet. But



- measure the consequences of an assumption on several spreadsheets at the same time. In addition, the planner will notice if an assumption is not consistent with previous ones or if it is out of line with the current market situation. Step (4) After having evaluated possible alternatives, we have to finalize our assumptions, and draw conclusions. The advantage of the planning system is that it reminds the planner of the assumptions at each step of the planning process. It also provides space for recording the assumptions and decisions.

- The marketing planning system comprises eight sections and two strategic check points. Each section deals with one element of the marketing strategy development process. Each section is similar in structure. It starts with the analysis and leads the planner to drawing strategic conclusions.

#### **THE MAIN MENU**

##### **0. SELECT PRODUCT**

1. MARKET DEVELOPMENT ANALYSIS AND FORECAST (FIG. 2)
2. MARKET SHARE DEVELOPMENT ANALYSIS AND FORECAST (FIG. 3)
- 15 3. FINANCIAL ANALYSIS AND FORECAST (FIG. 4)
4. PRODUCT ANALYSIS AND STRATEGY DEVELOPMENT (FIG. 5)
5. PRICE ANALYSIS AND STRATEGY DEVELOPMENT (FIG. 6)
6. DISTRIBUTION ANALYSIS AND STRATEGY DEVELOPMENT (FIG. 7)
7. ADVERTISING ANALYSIS AND STRATEGY DEVELOPMENT (FIG. 8)
- 20 8. PROMOTIONAL ANALYSIS AND STRATEGY DEVELOPMENT (FIG. 9)
9. EXIT

#### **PROGRAM SETUP:**

- The program is designed in a general way to suit most industries. During the installation process, the user can customize the program by defining the major criteria of the planning process.
- 25 First the program asks for the name of the user, of the company and the department. Then the user selects the language in which the program is to be installed.

- Then the product name is entered for which the plan is to be prepared. Marketing planning process is done at the product level. The "product" can be anything: a company, a department of a corporation, a church, a checking account, a dishwasher, a toothpaste or any type of service. The program offers the possibility to prepare a plan for several products but each plan is independent of the other because each "product" needs an independent marketing strategy. During the description of the program, the term product is used as a generic term for the above described goods and services.

for which past data is available and the number of future years the plan is to be prepared for. The number of future years used in the plan is called the planning period. The last year of the planning period is marked EOP, or end of planning period. Business plans are usually three to five year plans depending on the company and on the type of product.

The third user defined criterium is the geographic units. Business analysis and planning breaks down the market into smaller geographic units. The definition of the geographic units depends on at which level the user is working in the organization: geographic units can be a list of clients, cities, states, or countries. For example: the user might define the geographic units by regions of the U.S.A. or by states. A regional manager will define the geographic units either by states or by counties.

Referring now to Fig. 1, a marketing planning process 10 in accordance with this invention starts in step 12 with the overall market analysis. First, the overall market size of the product is determined, then the trend is analyzed with the aid of different statistical methods. The analysis is carried out at geographic units level which were defined during the program setup. After analyzing the overall market, the market sizes and trends are examined per consumer segment. This is the step where the identification of potential target segments (if any) takes place.

In the second step 14, the major brands of the market are defined and their market shares entered. Sales are forecast for each major brand concerning the overall market as well as per market segment; then the final target segments are selected.

In the next step 16, the financial data is stored and examined. This marketing planning process 10 is unique because it also involves financial analysis and ascribes equal importance to it. Setting financial objectives involves setting target cost of goods and profit level per product. In steps 12, 14 and 16, the tentative market share and financial objectives are defined. In step 18, the first strategic decision is made. Can the market growth guarantee sufficient sales and profits to meet objectives? The mission and objectives are determined in step 20. If the objectives meet the predetermined goals, then the process continues with 24, with the development of the marketing strategy. If the plan does not meet the desired objectives, then either the objectives need to be changed or the product needs to be withdrawn from the market. Depending on the importance of the product, lower profit levels might be acceptable. If not, in step 22, liquidation of the product will follow.

Step 24 develops a strategy for each element of a marketing mix: 26 product, 28 price, 30 distribution, 32 advertising, 34 promotion. In other words, a detailed marketing strategy is developed: definition of products and their features that will be sold, determination of the number of product types, at what prices will the products be sold, in which stores and with what kind of marketing campaign, how much will be spent on advertising and promotion and what the advertising message will be.

decision is made. Does the strategy confirm the realization of the projected sales and profits? If the numbers meet objectives, the program ends with step 40, and the implementation of the plan. Before implementation, the marketing plan needs to be compiled based on initial conditions and conclusions which were recorded as will be explained in their designated place provided with a corresponding chart of the marketing planning process 10.

In step 38, the user will return to step 14 and sets new sales and profit objectives. Based on the new objectives a new marketing strategy will be developed in step 24.

Step 12 is explained in detail as steps 50-64 in Figure 2. The task is (a) to forecast the market development, (b) to rank the geographic units according to their importance, and (c) to decide on an overall marketing strategy.

Step 50 in Fig. 2 displays the first chart of the program as shown in a Fig. 12a. It contains the geographic units and the years (past years going back as far as data is available) and the future years, 3 to 5 years depending on how long the planning period was defined during the program setup. The geographic units to be entered in this chart were also defined during the installation process (see Setup). The objective of step 50 is to prepare Forecast I based on the principles of a time series method.

After analyzing the market, step 50 forecasts the trend by using the forecast function of the marketing planning process 10 which will be described later in Fig. 11. This forecast is based on the time series method and comprise a series of statistical calculations.

Step 50 also calculates and displays in the chart of Fig. 12b a comparison of the market growth rate developments in unit sales and in dollar value and further calculates the difference between the two growth rates by subtracting the dollar value growth rate from the growth rate of unit sales. Fig. 12b displays only the growth rates of unit sales and the second column remains empty until the market forecast in dollar value is performed as will be explained in step 250. Step 50 further clarifies the meaning of the numbers in the difference column in Fig. 12b by displaying an explanation on the screen below the chart.

Step 52 performs another type of market forecast, Forecast II which is based on the multiple regression statistical method. In marketing terms, this method is called statistical demand analysis. In addition to past data, this analysis includes major factors that influence the market demand for our product.

Step 54 forecasts market development for the product again in a different way. This is called Forecast III of the marketing planning process 10. Step 54 functions differently depending on whether the product is a consumer durable good or packaged goods. Consumer durables, e.g., a television and household appliances, are goods with a life expectancy of one year or longer. They are purchased for long-term use and are replaced either because they break down or because a better product becomes



purchases plus additional purchases and replacement purchases during the planning period as defined in the program set-up.

The task of Fig. 12d is to forecast the number of product owners during the planning period as defined in the program set-up. Fig. 12d forecasts either the number of product owners or the saturation degree and it will calculate the other. The difference between the number of product owners in year (1) and year (2) equals the number of new product owners, or in marketing terms, the initial (unit) purchases and the number of purchases will be entered in the first column of the chart shown in Fig. 12j. This is the first step of Forecast III (Option 1) of the marketing planning process 10.

Forecast III of packaged goods is transferred from Fig. 12e to Fig. 12l, where the final forecast is prepared.

Forecast III for consumer durables continues with Option (2) in a chart as shown in Fig. 12f. In the case of Option (2), the product owners are not forecast; instead the number of products owned or, in marketing terms, the product penetration are forecast. The product (or market) penetration is the percentage of the total products owned in the consumer base. In other words, if we divide the total number of products owned by the consumer base and multiply it by 100, we get the penetration degree (a percentage).

$$\text{Penetration Degree (\%)} = \frac{\text{Number of Products Owned}}{\text{Size of Consumer Base}} \times 100$$

The chart in Fig. 12f displays in the first column (after the geographic units) the size of the consumer base (the number of consumers who have a potential need for the product) which is transferred from Fig. 12d. In the second column, the number of products owned is entered for the past years and forecast for the future years. Step 54 calculates the penetration degree based on the formula above. If the user enters the penetration degrees then step 54 calculates the number of products owned.

The total number of products owned is a key variable when step 54 develops Forecast III (Option 2) for consumer durables. The difference between the number of products owned at the end of year(1) and year(2) is the net increase in products owned which is the sum of initial and additional (unit) purchases for year (2) according to the following equations:

$$\text{Net increase in products owned} = \text{Initial} + \text{Additional Purchases}$$

### Products Owned (year 1)

Step 54 continues with the chart in Fig. 12h where the third component of Forecast III of the marketing planning process 10 is calculated in the second column: the replacement purchases (or units replaced). Replacement purchases can be calculated if two variables are known: the number of products scrapped (which is a function of the average useful life of the product) and the percentage of people who are likely to replace the product when it breaks down. Products which fail or become obsolete are scrapped. Purchases to replace scrapped products (units) are called replacement purchases (or repurchases); the total number of those units which are scrapped but not replaced is called net scrappage.

Replacement purchases = % of scrapped units which are replaced

Net scrappage = Number of products scrapped - number of products replaced

Before the chart as shown in Fig. 12h is first displayed, step 54 asks the user to enter the useful life of the product in a space that appears on the screen: Average Useful Life: ..... years. Based on the entered useful life of the product, step 54 displays the standard statistical distribution of percentage of products which will fail in each year after sale in a chart as shown below. The total number of products scrapped in a given year is a cumulative number calculated by applying the failure percentages to the corresponding previous sales figures. For example:

Average Useful Life: 4 years

Years after purchase	1	2	3	4	5	6	7	8
% Failing (scrapped)	2%	4%	10%	21%	17%	14%	13%	9%

After the useful life of the product and the failure percentages are entered, step 54 will display a chart as shown in Fig. 12h. In the first column, after geographic units, the total number of units scrapped in the selected year is calculated based on the failure rate calculation as shown above. In the third column, the user enters the percentage of scrapped units which are replaced. This percentage is available through market research. Next, step 54 calculates the replacement purchases which equal the percentage of scrapped units, i.e.

Replacement purchases = (Number of scrapped units x Replacement %) / 100

In the last column of Fig. 12h, step 54 calculates the 'net scrappage' which is the number of scrapped units which are not replaced.

The chart in Fig. 12i gives an overview of the development of replacement purchases for analytical purposes. Step 54 finalizes Forecast III of the marketing planning process 10 for consumer durables in the chart as shown in Fig. 12j. Forecast III, step 54 calculates in Fig. 12j the total market size of a consumer durable good by adding up the number of initial purchases (the number of units bought by first-time owners), additional purchases (the number of units bought by people who

ones).

Step 56 prepares the final market forecast year by year in the chart as shown in Fig. 12l. The first column (after geographic units) shows the current market data for reference. Then the three  
 5 forecast values are displayed. Forecast I values were prepared by step 50 in Fig. 12a; Forecast II by step 52 in Fig. 12c and Forecast III by step 54 in Figs. 12d to 12k.

The user compares the three market forecasts and based on his or her own knowledge of the market enters the final forecast numbers in the last column.

Step 58 continues with an overview of the projected market development (Fig. 12l) over the  
 10 planning period. The overview is presented in the same type of chart as shown in Fig. 12a. Once the numbers are transferred from Fig. 12l, step 58 calculates the growth rates just as in Fig. 12a.

The marketing planning process 10 continues with Step 60 which is the analysis of the market trend according to the product life cycle. This marketing method divides a product's life into four phases: introduction, growth, maturity, and decline. Each phase of the life cycle requires a different  
 15 marketing strategy. To learn which phase of market development a product is in, is the key to successful marketing planning. Step 60 divides the screen into two: on the top of the screen, the standard S-shaped product curve is displayed. On the bottom half, step 60 plots the product's life curve per geographic unit during the planning period. Each geographic unit is classified (the user compares the two curves on the screen and makes a personal judgement) according to the product's  
 20 life cycle and the classification is recorded at the bottom of the screen by selecting the corresponding letter: I(Introduction), G(Growth), M(Mature), D(Decline) from the list after hitting the appropriate key. This classification is transferred to step 62 when the overall market strategy is developed.

The purpose of step 62 is to determine the basic marketing approach. The chart as shown in Fig. 12m displays all the necessary information: the result of step 60, the market maturity  
 25 classification is found in the first column (after geographic units), the market forecast for the end of planning period (second column), the share of each geographic unit of the market at the end of planning period (third column), the growth rate per during the planning period (fourth column), the rank of the geographic unit in the market expressed in dollar value (fifth column), the current market size (sixth column) and the current share of each geographic unit (seventh column). The user ranks the  
 30 geographic units in the last column according to their importance to the brand. The purpose of this ranking is to establish an order of preference for the geographic units where the brand will concentrate its marketing efforts during the planning period. Step 62 makes only a primary selection which will be revised continuously during the marketing planning process 10.

Step 62 uses this ranked order in the next chart, Fig. 12n, for displaying the geographic units.  
 35 It also shows all the key pieces of information for determining the marketing approach: the market maturity classification (first column), the brand share and rank (derived from step 100 shown in Fig.



100 is carried out in Fig. 3).

The user's task is to determine the general marketing approach in each geographic unit and mark the appropriate column with an 'x'. The user can select one of the four market strategy options:  
 5 market share growth, maintaining share, harvesting the market and terminating the brand as marked in the last four columns of Fig. 12n.

During the planning year, step 64 monitors the market development as shown in Figures 12o and 12p. Whether the market will be monitored on a weekly, monthly, or quarterly basis depends on the product category and on the brand.

10 In Fig. 12o, on the top of the chart, the user first selects the period (week, month), then the consumer segment (market development will be monitored per target segment - see description in step 66) by hitting the appropriate keys, then step 64 enters the planned sales figures in units per geographic unit in the first row and then the actual numbers in the second. Step 64 calculates the difference in the third row of each geographic unit. Once the price development is entered in Fig. 16a,  
 15 step 64 will calculate the actual market sales in dollar value as well, and the planner will have the opportunity to switch back and forth between the two displays (sales in units and in dollars) of the same chart.

In Fig. 12p, step 64 summarizes the planned and actual market sales numbers on a year-to-date (y-t-d) basis in the first set of columns, and then per period which can be month or quarter  
 20 depending on the selection.

The final substep within step 12 is step 66, which breaks down the market into consumer segments. The purpose of the analysis is to look for consumer segments which demand a different product or a different marketing mix. Many criteria can be used for consumer segmentation: (1) demographics are population measurements like age, marital status, household size, number of  
 25 children, and education; (2) geography is a subsegment of demographics that tells the country, area or city where a person lives, works or buys products; (3) life style (also called psychographics) describes how a person lives and is a less precise measure than the previous two criteria.

Before the chart as shown in Fig. 12r is displayed, Step 66 lists the most frequently used types of segmentation. Any new types may be added. The user selects one from the list by using the cursor.  
 30 When the chart is displayed, the total market numbers are already entered. These numbers were transferred from step 50 as shown in Fig. 12a (past data) and step 56 as shown in Fig. 12l (future data). Here the size of segments (first column of Fig. 12r) and the market size by segment (second column) are entered, and the future projected either by using the forecast function (F7 key) of the marketing planning process 10, or by entering data. The task of step 66 is to make an initial selection  
 35 of potential market segments for the brand in a chart shown in Fig. 12s. Here, step 66 lists the 10 largest subsegments according to market size and displays the market figures in the current year and at the end of planning period (EOP). In the second column of Fig. 12s under both years, step 66

in dollar (unit) sales.

The final selection of target segments will be revised during the marketing planning process 10 by step 120 and step 206. Step 66 displays in Fig. 12t the market development overview of the 10 largest segments in one geographic unit. In the last overview, step 66 displays the market development in one subsegment in all geographic units during the planning period as shown in Fig. 12u.

In summary, step 12 analyzed the market development in unit sales of the product, forecasted its development, ranked the geographic units and identified the most important ones on which the brands' marketing efforts should concentrate, and determined the general approach to marketing strategy development per geographic unit. Finally, step 12 also analyzed the market development in unit sales per consumer segment and made suggestions for probable target segments.

Step 14 is explained in detail as steps 100-124 in Figure 3. The aim of step 14 is to analyze the competitive market position of a brand, identify related target consumer segments (if any) and set sales and market share objectives for the planning period as defined in the set-up.

Step 100 starts with identifying the brands which play a major role in the market of the product category. A brand is the name under which a corporation sells its products in the marketplace. There are competing brands within a product category. A competing brand is any brand (even another brand of the same corporation) that consumers could substitute for the brand of the marketing planning process 10. The brand names are entered in the column headings of a chart as shown in Fig. 13a. The purpose of Fig. 13a is to identify who are the major competitors, who can take share from the brand, and whose share the brand can take. Brand sales are entered in sales units and step 100 calculates the shares of the individual brands. Brand share is the percentage of a brand's sales in the total market.

$$\text{Brand share \%} = \text{Brand sales} / \text{Market sales} \times 100$$

Step 100 also forecasts brand sales development based on the current trend for the planning period. In order to understand the brand's competitive position in the marketplace, step 100 rearranges the numbers of the chart shown in Fig. 13a into four different charts shown in Figures 13b, c, d and e.

Step 102 is used only for packaged goods. It analyzes the development of consumers per brand and their average consumption. This analysis is similar to the one that was used for market analysis in Fig. 12e; it is only done at the brand level. Consequently, Fig. 13f is similar to Fig. 12e. The purpose of step 102 is to better understand the competitive dynamics of the market.

When the chart as shown in Fig. 13f is displayed, it already contains the sales figures for the selected brand (marked on top of the chart and selected in Fig. 13a by putting the cursor in the appropriate column) in all the geographic units for the current and past years. Then the number of

geographic unit:

Brand sales = Number of consumers x average consumption

Step 102 rearranges the data entered in Fig. 13f in two different ways in charts as shown in Fig. 13g and Fig. 13h in order to reveal a better insight into the competitive situation. Both charts work the same way, only the displayed data is different depending on which two of the three variables (geographic unit, brand or consumer segment) are selected.

Step 104 has the following three tasks: (1) to develop market share objectives, (2) identify major competitor per geographic unit, and (3) to prioritize the geographic units for marketing investments. When the chart as shown in Fig. 13i is displayed, it is already filled in with the information necessary for accomplishing the tasks. On top of the chart, the brand name is shown and the last year of the planning period. The user may change these settings by hitting the appropriate keys. Step 104 lists the geographic units according to their importance as defined in step 62. In the first column the following strategy indications which were selected in Fig. 12n are displayed: G (Grow share), M (Maintain share), H (Harvest position), T (Terminate). Columns 3 and 4 show the market size and the share of the geographic unit for the planning year that is marked on the top of the chart (the information is transferred from step 56). The next three columns show the brand sales, the share of the geographic units in the brand sales and the brand share for the current year (from Fig. 13a). In columns 8, 9, and 10, the user enters the sales objectives for the brand year by year for each planning year.

Columns 8, 9 and 10 work as a calculator since the three columns are interdependent. When brand sales are entered, then step 104 automatically calculates the shares of the geographic units in the total brand sales (column percentage vertically, where total brand sales equals 100%) and the brand shares in a geographic unit which is calculated by dividing brand sales by market sales and multiplying it by 100. If the brand shares are entered, then step 104 calculates the other two variables, the brand sales and the shares of the geographic units.

Once brand sales and share objectives are set, step 104 continues with rearranging the objectives in another chart as shown in Fig. 13j. Here, step 104 displays the geographic units in two groups. First, it shows those geographic units where the brand has a strong position then those where action is needed. Strong geographic units are those, where the brand's sales ranking number is identical with market sales ranking number and the brand has average or higher market share. Action is needed in those geographic units where the brand's sales ranking number is lower than the market ranking number or we have lower than average market share. In order to further explain the brand's position, Fig. 13j displays in column 2, the ranking number of the geographic unit in market sales and the brand share percentage in column 3. The forth and fifth columns respectively names the most important competitor and displays its brand share percentage.



average consumption per brand in a similar chart as shown in Fig. 13f. The chart contains three variables: brand users, average consumption and brand sales. Step 104 transfers the brand sales forecast from Fig. 13i. The user enters either the average consumption or the number of consumers and step 104 will calculate the other.

Step 106 displays the forecast sales of each major brand and offer final adjustment possibilities in a similar chart as was shown in Fig. 13a. Further step 106 allows the user to review the objectives in four analytical charts, similar to Figures 13b, 13c, 13d and 13e (see description step 100).

Step 108 displays an overview of the expected changes in brand shares during the planning period in a chart shown in Fig. 13k. Step 110 displays a combined overview of market and brand sales and shares development during the planning period in a chart shown in Fig. 13l.

Step 112 summarizes the marketing objectives of the brand in a chart as shown in Fig. 13m. Step 112 compares current market and brand sales with the market and brand forecasts for the end of planning period and shows the changes in percentages. Under the "Current year" heading, in column 1, the market sales (data from step 50), in column 2, the brand sales, and in column 3 the brand shares (data from step 100) are displayed. In the next set of columns, under the heading "End of planning period", in column 4, the market sales are displayed (data from step 56) and in column 5, the change during the planning period is calculated as a percentage. Columns 6 and 7 display the brand sales (data from step 104) and calculate the change in percentage during the planning period. Columns 8 and 9, show the brand share (data from step 104) and the percentage change during the planning period.

To further analyze brand sales and share objectives, step 112 rearranges the objectives in three additional charts as shown in Fig. 13n, 13o and 13p.

Similar data will be displayed per consumer segment after step 120 will be completed. Step 114 collects data from step 116, which collects data from several steps of the marketing planning process 10 and displays it in a chart as shown in Fig. 13r. It is a summary chart, where the brand's strengths and weaknesses are displayed with reference to each element of the marketing mix (step 24). Step 114 displays the brand in col. 1 if it has a strong position and its rank among the brands in col. 2. If the brand has a weak position then it is displayed in col. 3 and its rank in col. 4.

Step 118 monitors the brand's performance (sales and shares) against the set goals per consumer segment, product type, price level and distribution channel in a chart as shown in Fig. 13s. In the first column, step 118 lists the geographic units, then in column 2 displays the planned market numbers (data transferred from step 56), then in column 3 the actual numbers are entered. In columns 4 and 5, step 118 calculates the difference, first in absolute numbers then in percentages. In columns 6, 7, 8 and 9, step 118 repeats the same data for the brand (data transferred to column 6 from step

hitting Shift key and F9), and step 118 displays the appropriate data.

When step 118 displays the chart as shown in Fig. 13s, in the first heading row shows the word "Total". This means that the market sales and brand sales refer to the total market. Step 118 also provides the same display according to consumer segment, product type, price level and distribution channel. All the user has to do is to hit Shift key F10 and select from the list.

Step 118 rearranges the planned and actual data in three other way so as to better reveal what is really happening in the marketplace. In the chart of Fig. 13t, step 118 first lists the brands in one geographic unit, then displays the planned and actual brand sales and share numbers (columns 2, 3, 6, and 7) and calculates the difference in absolute numbers and in percentages (columns 4, 5, 8 and 9). Planned data in Fig. 13t is transferred from step 104, the actual numbers were entered in Fig. 13s. The user may select any geographic unit or any consumer segment by hitting the appropriate keys.

The next chart, Fig. 13u, lists the consumer segments in one geographic unit and step 118 displays the planned and actual brand sales and share number and calculates the difference. The last chart that step 118 displays is Fig. 13v which shows the year to date planned and actual sales and share numbers. The user may select any time period and any of the variables as listed in the chart of Fig. 13s.

Step 120 analyzes the brand sales and share data per consumer segment, makes the final selection of target segments (if any) and set sales and share objectives per target segment. The segmentation categories were entered in step 66 (see description there). Step 120 analyzes brand sales per consumer segment in a chart as shown in Fig. 13w. Before the chart comes up, a list of possible segmentation categories is displayed on the screen from which the user selects the one with the cursor. Then Fig. 13w is displayed with the corresponding data transferred from step 66. Fig. 13w is similar to Fig. 13a; the only difference is that the brand sales are viewed in one geographic unit broken down according to the segmentation category. Fig. 13w shows in column 1 the subsegments of the selected segmentation category. For example: if age is selected as a segmentation category, then the subsegments will be listed as defined in step 66: 15 to 25, 26 to 50, 50 plus. In column 10 the market numbers are already filled in (from step 66) and col. 11 displays 100 as the sum of all market shares. In the last row, the total brands sales are also displayed (transferred from step 100 - past or 104 - future. Brand sales per subsegments are entered in cols. 2, 4 and 6 in units, and step 120 calculates the brand shares (cols. 3,5 and 7) and the remainder (cols. 8 and 9) for each segment. After past data was entered, step 120 forecast the sales development per brand per consumer segment by using the forecast function (based on the time series statistical method - see description in step 50, Fig. 2) of the marketing planning process 10. After reviewing the forecast brand sales projections based on current trend, the user revises them for each brand according to his or her best judgement of the market. Sales and share projections for the brand set by step 120 will be the brand's objectives for the planning period.

displays data concerning the geographic unit and brand that was selected in Fig. 13w. In the first column, step 120 lists the 10 largest subsegments (selected from all the segmentation categories for which data was entered) according to brand sales. Columns 2,3 display the unit sales of the brand and its brand share in the current year, and in column 4, step 120 quotes the current ranking number of the subsegment in the total market (data calculated in step 50) to show its relative importance in the market place. Columns 5,6 and 7 contain respectively the same information for the end of the planning period (the ranking number was calculated in step 56).

In the "Major Competitor" column, step 120 names the brand which has the highest share in that subsegment in the current year and also repeats the share percentage in parenthesis. Columns 9 and 10 of Fig. 13x display the target segment selections. In column 9, step 120 enters the first selection from step 66; in column 10, the user makes the final selection by entering an "x" in the row of the subsegment that will be used as target segments for the marketing strategy (step 24) of the planning process 10. Not every market is segmented. If there is no segmentation, then the last column of Fig. 13x remains empty.

In all the charts which display data according to consumer segments, the list of segment selection contains only the names of those subsegments which are marked here with an "x". If the user wants to analyze other subsegments then those subsegments need to be marked with an "x" here as well. Step 120 offers two overviews for further analytical purposes. In the chart as shown in Fig. 13y, a complete competitive overview is given for one subsegment. In Fig. 13w, step 120 prints out the brand sales and the total market sales in the selected subsegment in all the geographic units. In Fig. 13z, step 120 lists again the 10 most important subsegments for the brand (i.e. according to brand sales), and displays the sales numbers of all brands and the market sales in the selected geographic unit.

Step 122 shows an overview of brand sales per consumer segment in a chart as shown in Fig. 13aa. Step 122 displays in column 1 all the geographic units and then lists across as column headings all the selected target segments starting with the total market for reference. In column 1, step 122 displays the market projections (data transferred from step 56), in column 2, the brand's sales objectives, and in column 3, it calculates the brand share percentages (brand sales/market sales x 100). In columns 5,6 and 7 of Fig. 13aa, step 122 displays respectively the same information with reference to the target consumer segments.

Step 124 plays a roll only for consumer durables because it stores the data of product ownership per brand in a chart as shown in Fig. 13bb. Step 124 displays the number of products owned per brand and consumer segment in selected given geographic unit and year (the selection is done by hitting the appropriate keys).

Step 124 gives a final overview of the brand ownership in the geographic units in a chart as shown in Fig. 13dd. The users selects the brand and the consumer segment, and step 124 lists all the



brand's market share and calculates the difference between the two brand share numbers in column 5.

In summary, step 14 analyzed the market sales and shares of the major brand of the product category. The analysis was carried out twice, first at total market level and then at the level of

- 5 consumer segments. Finally, step 14 analyzed the brand share in product ownership (relevant only in case of consumer durables) and compared it with the brand's market share. Next, sales and share objectives were set per geographic unit at the total market level. Then the final target segments were identified, and sales and share objectives set. And finally, the geographic units were prioritized and the target brand established per geographic unit.

- 10 Step 16 is explained in detail as steps 140-160 in Fig. 4. Step 16, which goes through a series of financial analyses is a unique feature of the marketing planning process 10 because the inclusion of this analysis, the planning process 10 attaches the same importance to the financial performance of a product as to its marketing performance. Of greatest importance is the question, whether the brand can meet corporate sales and profit objectives? Step 16 gives the answer.

- 15 The financial strategy development starts with step 140, which analyzes the major financial indicators. Step 140 analyzes the financial indicators per product type on a geographic unit basis year by year. The program come up with the following setting: the broadest level of geographic units, all products, and the current year. Before a chart as shown in Fig. 14a appears on the screen, a small chart comes up where the user enters the trade discount percentages for each set of the three columns, that include the product, Unit I and Unit II.
- 20

	YEAR			YEAR		
	PROD. TYPE	UNIT I	UNIT II	PROD. TYPE	UNIT I	UNIT II
DISCOUNT						

- When referring to brand sales, the marketing planning process 10, uses retail sales to the consumers and not manufacturers' or wholesale sales levels. The difference between the internal sales data and the sales figures used in the marketing planning process 10 equals the trade margin, i.e., the margin of wholesalers and retailers together if there is a two level distribution. The basis of financial
- 25 analysis, on the other hand, is internal company sales data. The trade margin (or discount) translates the market sales of the brand into company sales. Sales - Trade discount = Sales (for financial analysis purposes)

- In Fig. 14a, step 140 lists the financial indicators in column 1. The listed indicators are standard, but they can be renamed to meet the need of a particular product, or the standard reporting
- 30 system of a company.

importance to it, and that is the "Brand Contribution". The "Brand Contribution" reveals the income contribution of a product to corporate profits without indirect expenses and allocations. This is the level where products, product groups or divisions can be truly compared within a corporation because it eliminates the distorting effects of indirect expenses and allocations.

The purpose of the chart as shown in Fig. 14a is to analyze the cost structure of the product and identify the financial indicators which perform better or worse than the company norm. The "UNIT" is a custom defined variable. If there is no company norm, the user can define "UNITS" either as another product, another region or division of the corporation - anything that can serve as a meaningful basis for comparison.

Once data is entered in a chart as shown in Fig. 14a, step 140 rearranges the numbers in a chart as shown in Fig. 14b so as to facilitate easier comparison. It enables the user to see at a glance which cost or revenue item is out of line (better or worse). The basis of the comparison is the percentage each indicator represents in their corresponding sales.

Step 142 repeats the same comparison with competing brands. The chart shown in Fig. 14c is similar to Fig. 14a with the only difference that here, step 140 replaced the "UNIT" column headings with the major brands which were entered in step 100. The purpose of this comparison is to furnish information concerning the price strategy the brand can follow. One of the basic competitive strategy options is to become the low-cost producer. If the brand has a more expensive cost structure, it should not try price cutting because the competition can cut further.

Step 144 breaks down the financial indicators into cost and revenue items. This analysis is a level deeper than the previous one. Step 144 reveals which cost or revenue item within each financial indicator is responsible for the "better" or "worse" performance of a financial indicator as seen in steps 140 and 142.

In step 144, the users renames the various cost and revenue items within each indicator before the data is entered. Under "Marketing Expenses", data for "Advertising" and "Promotion" are entered from steps 30 and 32.

In addition to the financial indicators used by step 16, step 144 also compares the product's performance to the hurdle rate. After "Business Income", step 144 lists the variable "Hurdle Rate" which is the target profit percentage of the company. Many company sets a hurdle rate as the minimum profit target for a product. Should a product not meet the hurdle rate, it will be probably withdrawn from the market. In the last row of Fig. 14d, step 144 deducts the hurdle rate from business income and enters the difference.

Step 144 also rearranges the data entered in Fig. 14d in two different ways. First, it prints out the revenue and cost items which perform better or worse than the "UNIT" to which the product is compared in a chart as shown in Fig. 14b (see description in step 140). Then in a second chart as

chart in Fig. 14e, works exactly like Fig. 14a with the only difference being that the "UNITS" are replaced by product types. The number of product types are determined in step 26 and the sales data is transferred from there.

5        Step 146 is a side step where a standard break-even analysis is performed in a set of charts as shown in Fig. 14f. The purpose of a break-even analysis is to pinpoint the number of units that must be sold before profit is made at the planned expenditure level of capital resources. This analysis is based on the relationship among sales, revenue, fixed costs, and variable expenses.

10        The next step 148 makes different profitability projections by allowing to change two key variables, sales and the discount rate. Step 148 displays a chart as shown in Fig. 14g where the user can change the geographic unit, the year and the product type by hitting the appropriate keys. On the left side the financial indicators are listed. In the first column the product's current financial overview is displayed (data transferred from step 142). At the bottom of the charts, there are two variables, "Sales Increase %" and the "Discount Rate %", that the user need to enter. The purpose of this chart is to facilitate "what-if" calculations, consequently, the two variables can be changed several times. 15        Once these variables are entered, step 148 calculates in the columns under the heading "Version I", "Version II" and "Version III" by increasing sales with the entered percentage and adjusting them with the discount rate. The chart in Fig. 14g works as a financial calculator. It translates the different sales levels into bottom line figures in seconds by using the same absolute expense amounts for the calculation. The only exception is, of course, the cost of goods, which is treated as a variable cost; it thus remains the same percentage of sales throughout the calculation. 20

25        Step 150 compares the profitability of the product per geographic unit, product type, consumer segment and distribution channel in four charts as shown in Figs. 14h, 14i, 14j, 14k. The chart in Fig. 14h is similar to chart 14d; the only difference is that it does not detail the cost items after "Brand Contribution", just displays "Business Income" for reference. As explained in step 140, the basis for the comparison of financial performance within a corporation should always be the "Brand Contribution", since this is the level where expenses directly attributable to a product can be measured, thus eliminating the distorting effects of indirect costs and allocations. Step 150 shows the same first column in all of these four charts. In Fig. 14h, it displays the geographic units in the other 30        columns for comparison. In Fig. 14i, the product types are compared, in Fig. 14j the consumer segments are compared and in Fig. 14k the distribution channels are compared. All data to be compared is transferred from step 144.

35        The chart shown in Fig. 14l is similar with the one in Fig. 14d with the only difference being that after displaying current year data (from Fig. 14d), step 152 shows the years of the planning period in the column headings for the user to enter, and in col. 2 it calculates the percentage each indicator represents of total sales. Step 16, financial strategy development, starts with setting objectives first for



geographic unit.

Step 152 rearranges the financial goals in a chart as shown in Fig. 14m. In column 1 of Fig. 14m, step 152 calculates the average growth rate, then, in column 2, it ranks the financial indicators according to their growth rate. In columns 3, 4 and 5, step 152 repeats the actual numbers expressed in percentage of sales for each item. In column 3, the current year data is transferred from Fig. 14l, in column 4, data for the selected year is transferred, and in column 5, step 152 calculates the difference between the two percentages. The analysis is done per geographic unit and product type. For both, revenue and cost items, the average growth rate is also calculated for reference.

Step 154 summarizes the financial goals (developed by step 152) per indicator on a year by year basis in a chart as shown in Fig. 14n. In column 1, the financial indicators are listed, and then the goals are displayed for all years of the planning period in one geographic unit for one product type. Step 154 rearranges the financial goals set in step 152 in two additional charts for further analysis. The first chart is similar to the chart as shown in Fig. 14m, where step 154 first calculates the indicators' growth rate, and then ranks them accordingly. In the second chart as shown in Fig. 14o, step 154 displays the development of one indicator over the planning period in all geographic units. The data is transferred from step 152.

Step 156 displays a standard Profit and Loss Statement for the planning periods in a chart as shown in Fig. 14p. On the top of the chart, the user may select the geographic unit and the product type. In column 1, step 156 displays the financial indicators (defined in step 140). In column 2 and 3 the current year numbers are displayed from Fig. 14a. In column 4, step 156 repeats the objectives for the planning period on a year by year basis (data transferred from step 152), and then, calculates the percentage of sales indicator in column 5, again on a year by year basis. In the last four rows, step 156 calculates the following major financial indices: 1) the first index is "Change in R.O.S.", or the change in the return on sales percentage ( $\text{business income}/\text{sales} \times 100$ ), where the row displays the difference between the two percentages of two consecutive years; 2) the second index is "% Change in Sales" displays the yearly difference between sales in percentages; 3) the third index is "%Change in Brand Contribution" displays the yearly change in Brand Contribution in percentage; and 4) the fourth index is "%Change in Business Income" displays the yearly change in Business Income in percentage.

Step 158 summarizes the financial strategy in a chart as shown in Fig. 14r. On the top of the chart, the user may select any geographic units that was defined in the set-up. Step 156 displays the financial indicators as defined in step 140 in column 1. In column 2 of Fig. 14r, current year data is transferred from step 140 (Fig. 14a). In column 3, the end of planning period objectives are transferred from step 152 (Fig. 14l). In columns 6,7 and 8, step 158 calculates the differences: first, in column 6, the differences in the absolute numbers, then in column 7, the differences in the percentage

period (from current year to end of planning period).

Step 160 monitors the development of the financial indicators on a monthly or quarterly and gives a year-to-date overview in a chart as shown in Fig. 14s. The user can select: the geographic unit, the time period, the distribution channel and the product type by hitting the appropriate keys. Step 160 displays the financial indicators in column 1. In column 2, step 160 shows the planned numbers on a year-to-date basis. The user enters the actual numbers in column 3, and step 160 calculates the difference in absolute numbers (column 4) and in percentages (column 5). In columns 6, 7, 8 and 9, step 160 repeats the same calculations for the selected time period. Planned numbers for the time period, or year-to-date are calculated from the yearly targets based on an equal distribution during the year. Once the actual numbers are entered, step 160 rearranges them in a chart as shown in Fig. 14v. Depending on which indicator the user has the cursor on in Fig. 14s, the chart in Fig. 14v will display the development of that indicator in all the geographic units.

In summary, step 16 analyzes the financial indicators and within them each cost and revenue items for each product type and geographic unit. Additional analyses were performed per consumer segment and distribution channel. Then the user sets financial objectives per cost and revenue item for the planning period. These objectives were summarized in several charts so as to provide a better insight. Finally, step 16 monitors the development of the financial indicators during the planning period so as to alert the user to make changes is necessary.

When plans are developed, the most important question is whether the projected sales and profit levels meet the objectives of the corporation or the investor depending on for whom the plan is prepared. The marketing planning process 10 suggests two methods for decision making. As shown in Fig. 1, the first occurs in step 18, after the market forecast has been prepared in step 12, sales objectives have been set in step 14, and profit defined under current expenditure pattern in step 16.

The second occurs after the marketing strategy has been developed, and when step 24 redefines profit.

By the time the user arrives at step 18 as shown in Fig. 1, the marketing planning process 10 has indicated whether the market growth can guarantee sufficient sales and profits to meet the predefined objectives. If yes, then the program continues with step 24, where the marketing strategy is developed. If not, then the program continues with step 20, where the objectives need to be revalued.

Still referring to Fig. 1, the task in step 20 is to decide whether the product is important enough to the corporation so as to accept a lower profit margin. If the product is not vital to the corporation, i.e. lower profit margins will not be acceptable, then the marketing planning process 10 continues with step 22, where the marketing planning process 10 is exited. Step 22 can be either radical, like selling the division, or stopping the product immediately, in which case the planning process stops. Alternatively, it can be a multi-year project. In the latter case, the planning process continues with step 24, where a marketing strategy is developed; the aim of such a strategy will be to

is explained in five steps, steps 26, 28, 30, 32 and 34.

In step 26 of Fig. 1, product analysis and strategy development is explained in detail as steps 200 to 220 in Fig. 5. The marketing strategy development begins with product strategy development.

5 Whether the plan is going to be prepared for a new product introduction or for one that has been on the market for years does not matter, the same steps must be followed if the aim is to develop a successful marketing strategy. The objective of step 26 is to develop a product strategy which will appeal to a large enough consumer group to realize the brand sales and profit targets. The task of step 26 is thus to identify an unsatisfied consumer need and have a product developed to fulfill such need.

10 The product strategy development starts with step 200, with the analysis of the market environment.

Step 200 displays a chart as shown in Fig. 15a, where in column 1 all of the markets are listed that belong to the same market environment as the product of the marketing planning process 10. The markets are usually defined in consumer needs. For example, if the user is preparing a plan for a hair dryer then the market environment can be defined as "personal care" or "beauty care" or "hair care".  
15 Depending on the market environment definition, the listed markets will be different. In the last row, the user enters the name of the "Consumer Base" by hitting the appropriate key. (See description of the "Consumer Base" in step 54.).

In column 2 of Fig. 15a, the number of consumers of each market is entered per geographic unit in a given year. In column 4, the market size is entered and step 200 will calculate the market size per consumer by dividing the market size by the number of consumers in column 6. Based on this analysis, in column 7 of Fig. 15a, the products are classified: an "x" is entered to those markets which will be further analyzed in step 202 - these markets refer to consumer needs which can be satisfied by one product; a "y" is entered for those products which will be ignored at this point but a separate plan  
20 will be developed for them later on; and those markets in which the brand does not participate but might represent a threat to the product, will be marked with a "z".

Step 200 ranks the markets according to the three variables of Fig. 15a: market size, number of consumers, and market per consumer in three different charts on the same screen, as shown in Fig. 15b. In addition to sorting the variables, step 200 also provides four overviews of the data entered in  
25 Fig. 15a. The first overview displays the development of the market size of the submarkets in one geographic unit in a chart shown in Fig. 15c.

Step 200 also provides two similar overviews of "consumer value" in column 6 of Fig. 15a. In the first chart, similar to Fig. 15c, step 200 displays the year to year development of the consumer value for all the submarkets in one geographic unit. (The geographic unit is the same as selected in Fig. 15a.) In a second chart similar to the one as shown in Fig. 15d, step 200 lists the consumer value development of one submarket in all the geographic units. The submarket is selected by putting the  
35 cursor on the appropriate row in Fig. 15a.



"x" in step 200, will be further analyzed. Consumer need analysis comprises the steps of identifying the attributes that the product must fulfill to meet consumer satisfaction. In the car market, for example, the consumer need is transportation (to get from one place to another) and the attributes are speed and safety. The next step is entering the name of alternate products that can satisfy the same need. In the case of transportation, they can be, bicycle, motorcycle or public transportation. The aim of this analysis is to learn whether there is an alternate product that can jeopardize the market position of the brand.

First, the product attributes are entered per consumer need in column 1. In the headings of columns 3 and 4, the names of the alternate products are entered. Once the chart is properly set up, then the product attributes are evaluated on a 1 to 5 scale, where 5 is the best and 1 is the lowest value. The data is usually available through market research. First, step 202 displays the name of the alternate product that scored better than the product, in column 5, and then a "y" (for yes) or an "n" (for no) indicating whether the attribute provides a marketing opportunity for the product category. Marketing opportunity exists if none of the alternate products scored (5) on the attribute. In column 7, the most important product attributes are ranked. Only the ranked attribute will go to step 204 for further analysis.

Step 202 rearranges the data entered in Fig. 15e in two charts to better reveal their marketing meaning. In the chart as shown in Fig. 15f, the products are ranked according to which product scored best on the attribute. The chart in Fig. 15g is similar only in that the product attributes are ranked per product. After the ranking, the marketing opportunity (y/n) evaluation is repeated. In the last column, step 202 transfers the scores from Fig. 15e. Both charts show the geographic unit, year and consumer segment as selected in Fig. 15e.

Step 204 transfers the product attributes from step 202 in the ranked order (only those which were ranked) into column 1 of a chart as shown in Fig. 15h. The user's task is to evaluate to what extent each competing brands meets consumer satisfaction on each of the selected attributes. For the analysis the same 1-5 score system is used. The chart in Fig. 15h is similar to Fig. 15e.

In the analysis, step 204 includes the result of the analysis of alternate products from step 202. The highest score of the alternate products is transferred in column 2 of Fig. 15h on an attribute. Once the brands' scores per product attribute were entered, Step 204 displays the competing brand (or alternate product) that scored better than the brand in column 5. In column 6, it identifies whether or not there is a marketing opportunity for the brand with a "y" (yes) or "n" (no). There is a marketing opportunity if none of the competing brands (or alternate products) scored a (5), or none of them scored better than the brand. In column 7, the user ranks again of the product attributes according to their importance to the brand. The product attributes will be transferred in the ranking order to step 206 (only those which were ranked). In column 8, the planner enters an (x) next to the product attribute that will offer competitive advantage to the brand. (Competitive advantage is the reason why

hope for success in the marketplace.

Similarly to step 202, step 204 rearranges the brands' evaluation in two different charts. In a chart as shown in Fig. 15i, step 204 ranks the brands per product attribute, and in a chart as shown in

5 Fig. 15j, it ranks the product attributes per brand.

Step 206 is a consumer preference analysis. It analyzes the consumer segments attitude toward the product category. The first chart of step 206 is shown in Fig. 15k. Step 206 first enters the consumer base and the target consumer segments in the column headings. There will be as many segments as were selected in step 120.

10 In the first row, step 206 transfers the segment size from step 54 (consumer base) and step 66 (consumer segment). In the second row, the number of current consumers is displayed (step 54). In the third row, the number of potential consumers is entered. In the next rows, under "Product Attributes", step 206 transfers the product attributes in their ranked order from step 204 (only those which were ranked) in column 1. The task in step 206 is to score the product attributes according to  
15 the importance each of the target segment attaches to them. In the last row under "Product Attributes", "Price" is entered. Price is always a product attribute. In the last row, the user enters an (x) to reaffirm that the segment will indeed be considered a target segment for the marketing strategy development (step 24).

Step 206 rearranges the scores of Fig. 15k in two charts similar to the one in Fig. 15 l. First,  
20 step 206 ranks the product attributes per consumer segment, and in a similar second chart, it ranks the consumer segments per product attribute. In column 2, the scores are transferred from Fig. 15k. Both charts show the geographic unit and year as selected in Fig. 15k.

The process described in steps 202, 204 and 206 is called product positioning. Product  
25 Positioning means defining the product in terms of its benefits, i.e., establishing the place we want our product or brand to have in our consumers' life. For example, Tylenol is positioned as a fast pain reliever which is gentle to the stomach; Mercedes is positioned as the most reliable luxury car.

Step 206 summarizes the evaluation of brands on the product attributes, and the importance of the product attributes to the consumers segments in three graphs revealing the position of the brands and the target segments on any two of the selected attributes (see Fig. 15m). In graph (1), the brands  
30 are positioned (step 204); the brands' positions are shown in the graph on the two selected attributes as evaluated in Fig. 15h.. In graph (2), the consumer segments are positioned according to the score of importance they gave to the same attributes. The selection of the attributes is done by hitting the appropriate key. The user can select from all the attributes that were listed in Fig. 15h. As a default, step 206 lists the first two attributes which were indicated to provide competitive advantage.

i.e., if there is a brand that has almost the same position as a consumer segment. The geographic unit and the year can be changed by hitting the appropriate keys.

In summary, step 26 prepared the product positioning strategy by going through the following steps: 1) Step 200 - Market environment study and definition of the target market, i.e., identification of the consumer need(s) the product should satisfy; 2) Step 202 - Positioning the product category within the target market against alternate products; 3) Step 204 - Positioning the brand within the product category against competing brands; and 4) Step 206 - Identifying the target consumer segments, i.e., those consumers to whom the selected needs or product attributes/features are relatively more important. This is the core of the product strategy.

Step 208 constructs the product specification. The task in step 208 is to identify product features the product has to incorporate in order to meet consumer requirements and to define the product specifications. Step 208 thus translates the product attributes that the target consumer segments require the product should fulfill into product features in a chart as shown in Fig. 15n. In column 1, Step 208 lists the product attributes in ranking order from step 204. In column 2, under Alt. Products, step 208 displays the highest rating alternate products received in step 202. The purpose of column 2 is to remind the user if there is a threat to the product from alternate ones. Columns 3, 4 ... display the brands (as many defined in step 100) and their consumer ratings per product attribute (data transferred from step 204). Between the product attributes there are empty rows for the user to fill in with the product features which satisfy the particular attribute (without regard to any currently available product).

The user's task in step 208 is to rate to what extent each brand fulfills the requirements set by consumers on each product feature. If the feature of a brand excels, it is rated with a (5). If it is acceptable then a (4), (3) and (2) are used depending on the evaluation. Features which are considered unacceptable will get a (1) and not available features get (0). In the last row, the number of products each brand sells on the market is entered.

The last group of columns display the evaluation. In column 5, step 208 enters first the brand with the highest rating for each product attribute and for each product feature. Alternate products are also included in the evaluation. In column 6, it repeats the score. Any time when the rating is not (5 = Excellent) or only alternate products or our brand were rated (5), step 208 displays a (Y) in column 7 indicating product differentiation opportunity. In the last row under "Brand" of the "Conclusions" column, step 208 displays the highest number of products carried by a brand in the product line.

Step 208 continues with the product specification development in a chart as shown in Fig. 15o with the ranking of importance of product features per consumer segment. Step 208 lists in column 1 the product features in the order as the product attributes to which they belong were ranked in Fig. 15n. In column 2 the rating of each attribute is repeated. In column 3, step 208 entered the names of the product features in the same order as in the first column. In column 4, the user ranks the



enters the ranking number, step 208 rearranges the displayed features in the ranking order for each consumer segment. This ranking of features will be transferred to step 210. In the last row, step 208 enters first the number of products in the brand's product line, then that of the reference brand.

5 After the analysis of the brand's competitive position, step 208 continues with setting the strategy in a chart as shown in Fig. 15r. In the first row of the chart, the strategy is indicated to be equal or superior role in the market place. Which role the user will select was decided in step 14 when brand sales and share objectives were determined. In some geographic units, a brand might want to play a double role, i.e., to be equal to brand (x) and superior to brand (y).

10 In column 1 of Fig. 15r, step 208 displays all the features requirements from Fig. 15n. In column 2, step 208 displays the current ratings of the brand on the particular feature. In column 3, it enters the consumer ratings needed as defined in the strategy in the heading. Step 208 uses the same system as in Fig. 15p, with the only difference being that here the best consumer rating that was given to a feature is used as a reference and not the rating of a particular brand. That is, if the user wants to  
15 follow an equal strategy, step 208 enters the highest ratings per feature from column 6 of Fig. 15n, but if the user aims at superiority, it will display the highest plus one rating for each feature. In the "Number of Products" row, step 208 enters first the number of products in brand's product line, then the highest number carried by a brand in the marketplace. (data transferred from Fig. 15n, column 5).

The user's task in step 208 is to set target consumer ratings for the brand per product feature,  
20 i.e., the appreciation level the brand wants to achieve among its target consumers. In column 3 of Fig. 15r, step 208 has entered the required ratings in order to meet the strategy objectives set in the chart heading (the same rating in case of an equal strategy, or plus 1 rating in case of superiority. In column 4, the user revises these ratings and sets final score objectives based on how the brand will be positioned.

25 Based on the above analyses, the product specifications are finalized in step 210 in a chart as shown in Fig. 15s. The geographic unit and the year can be selected by hitting the appropriate keys. The objective of step 210 is (1) to define the number of product types that will be marketed; (2) to determine final price and specification of each product type.

In the first column under the "Total Market" heading, step 210 displays the "Product  
30 Features" and in column 2, the target "Ratings" for the product in general. (data transferred from step 208). On the top of the chart, step 210 enters the number of product types that will be marketed (data transferred from step 208).

The next group of columns 3, 4, 5 and 6 is under "Product I" heading (the user can select as many products as were defined in step 208). In column 3, step 210 transferred the data from step 252  
35 (Fig. 16d) and lists all the product features that were identified on the corresponding price level (see description in step 252) and the target price in the last row. In column 4, step 210 lists the product features according to the ranked order of importance to Segment I (data from Step 208) and the target

determined previously by hitting the appropriate keys. (The number of segments were determined in step 120 and the number of price levels in step 250.)

Based on the product features listed in columns 3 and 4 (under the headings "Price" and "Consumer Segment"), the user enters in column 5, under the heading, "Final Product Specification" those product features that the product type. The user hits the Enter key, and step 210 automatically enters the name of the product feature listed in the row. In column 6, the user enters the final target consumer ratings per product feature. In the last row, the final target price per product type is entered.

Step 210 gives a complete overview of the final product specifications in a chart as shown in Fig. 15t. In Fig. 15t, step 210 displays all the product types and lists their respective features and consumer rating. The data is transferred from Fig. 15s, columns 5 and 6 per "Product Type". In the last row, the target segment and price are entered.

Step 210 finalizes the product development with an overview of the introduction of the various product types in a chart as shown in Fig. 15u. The user enters an "X" under the product type in the year and in the geographic unit when and where the product type will be introduced. This is an important information when setting sales objectives per product type in step 216.

Once the brand's product strategy is developed, step 212 compares it with the product strategy of the competing brands in an overview as shown in Fig. 15v. Step 212 displays a grid with the following column headings: brand name, target segment, brand position, product feature, reasoning, and advertising slogan. When the user places the cursor in one of the squares, a wider space opens up where the user will type in the relevant information and a summary of the previously developed product strategy is created.

The packaging strategy is developed as shown in step 214 and in Fig. 15w. Packaging is part of the marketing strategy. Step 214 lists all the aspects that need to be determined as part of the packaging strategy development. These following aspects are listed on the screen in Fig. 15w, column 1: the concept of the package, size, shape, color, material of the container (box, bottle etc.), design, text, brand mark and labeling. Under the help function, F1, the user finds a detailed description of how to develop a packaging strategy. Similarly to Fig. 15v, Fig. 15w also works as word processing. For some product after sale service is also important. Product service strategy is also an integral part of the product strategy (step 26). The service strategy is also recorded in the last row of Fig. 15w in step 214.

The task in step 216 is to establish sales levels per product type. In steps 104 and 106 of Fig. 3, the brand sales and share objectives were determined. In step 216, these objectives are broken down according to product types per geographic unit in a chart as shown in Fig. 15x. Fig. 15x can be used at different levels depending on the user's selection at the top of the chart. The user may select one brand or the "Total Market" by hitting the appropriate key. It is important that first the total market figures per product type be entered. Then, when the brand sales per product type are entered, step 216

100).

In Fig. 15x, step 216 starts with listing the geographic units as defined in the set-up in column 1, and enters the product types as determined in step 208 (this included all product types not only those which are sold by the brand) in the column headings. In columns 2, 3 and 4, under "Brand Total", step 216 transfers the data from step 100 (past data) and step 104 (future data) and calculates the share of the geographic units (percentage vertically) and the brand shares (percentage horizontally) which are 100% because this percentage refers to the sum of brand shares of the product types, and not to the brand share in the market. Under the "Product Type" headings in Fig. 15x, the sales per product type are entered in column 5. Step 216 calculates the share of the geographic unit in column 6 (percentage vertically) and the share of the product type in the brand sales in column 7 (Product Type share % = Product Type Sales / Total Brand Sales x 100). In the last two rows of Fig. 15x, the brand (or product type) share in the total market is calculated and the target price per product type is transferred from step 210 and entered. The market share of the product type is calculated as follows:

$$\text{Product Type Market Share \%} = \frac{\text{Brand sales Product Type}}{\text{Market sales per Product Type}} \times 100$$

Each product type thus has two share percentages: (1) in the sales of the brand, and (2) in the sales of the same product type of the market. Step 216 also develops sales objectives per product type in Fig. 15x. First, the total market development per product type is entered then the sales objectives. Once the sales objectives are set, step 216 shows an overview of the competitive situation per product type in a chart as shown in Fig. 15y. Fig 15y is similar to Fig. 14a with the only difference that here step 216 displays the brand sales and share figures per product type in addition to the total brand sales. (See chart description at step 100)

Whether or not the sales objectives were realistic and in harmony with the rest of the marketing strategy (step 24) will be reviewed in steps 218 and 220. Step 218 compares the planned brand sales per product type and the planned brand sales per price level in a chart as shown in Fig. 15z. The chart shows the same geographic unit, year and brand as selected in Fig. 15x. In column 1 of Fig. 15z, step 218 displays the product types as defined in step 210. In columns 2 and 3, step 218 displays the projected total market sales and the share of product types (percentage vertically) in the total market (data transferred from step 216). In columns 4, 5 and 6, the price levels are entered as defined in step 250. In the total row, under the Price I, II, III headings, step 218 transfers from step 258 the data for the total brand sales per price level. Under the "Brand Sales" in columns 7, 8 and 9, step 218 displays the total number of projected sales per product type (data transferred from step 216) and calculates the share of each type in the brand sales (percentage vertically) and the market share of each type (percentage across). The cells under the "Price Level" and Product Type are empty. They can be used as a calculator to adjust the sales objectives. If the user sells only one product type per



serves as a check on consistency of the marketing strategy (step 24). Otherwise, the user will use the calculator function of Fig. 15z and fills in the empty cells so as the two totals (total sales per price level and total sales per product type) ultimately will add up. Step 218 cannot change the totals since they are transferred data. The matrix function of Fig. 15z gives the user the unique capability to harmonize the price (step 258) and product type strategies (step 218). The market columns (cols. 2 and 3) were included only for reference.

Step 220 also provides a check on the consistency of the marketing strategy (step 24) by comparing the planned sales figures per product type with the planned sales figures per consumer segment in a chart as shown in Fig. 15aa.

Fig. 6 provides a summary of the consumer segmentation strategy. This strategy flows through the entire program therefore it does not have an individual step in the planning process or an individual menu. If a brand decides to follow a consumer segmentation strategy, then each element of the marketing mix needs to be analyzed at consumer segment levels. A brand can thus have an overall marketing strategy without segmentation, or its product line can aim only at one or several target segments. Sometimes both strategies can be combined but that requires high level of marketing skills.

In summary, step 26 developed the right product for the target segments. It identified the consumer need the product should fulfill and the unique product features, which are not offered by the competition and will provide the brand with competitive advantage. Step 26 confirmed or rejected the original target segment selections obtained in step 120. Finally, the number of product types were determined and their sales and share objectives set. The monitoring of brand sales per product type is done together with monitoring the brand's overall sales in step 118.

Step 28 of Fig. 1b is explained in detail as steps 250-262 in Figure 7. In step 28, price development is analyzed and the price strategy is developed. Price strategy means to establish consumer prices for the brand at prices that will facilitate the sale of such goods to the end consumer. The objective of step 28 (Fig. 7) is: (a) to recommend target prices for the product types by analyzing the products currently sold on the marketplace, and (b) set sales objectives per price level.

Price analysis starts with step 250 in a chart as shown in Fig. 16a. Step 250 establishes first the price levels at which the product category is sold. Step 250 in Fig. 16a provides three price levels. The user may use one, two or all three. Step 250 analyzes sales development at the geographic unit level. Then past data of sales development per price level is entered by changing the year designation at the top of the chart by hitting the appropriate key. The total row of Fig. 16a already displays the total market sales (data from step 50 for the past and step 56 for the future) and the total brand sales respectively (data transferred from step 150 for the past and step 154 for the future). The price analysis can also be repeated at the consumer segment level. When sales data per price level is entered, step 250 adds up the numbers and shows the sums on the bottom of the screen in red until they equal the total numbers entered in the last row. After sales data per price level is entered, the

and step 250 calculates the other according to the following equation: Dollar sales = Unit sales x Average price

In columns 3, 6 and 9, step 250 calculates the share of each price level in the total sales of the market or brand (percentage vertically), and in columns 3, 6 and 9, the brand share per price level (percentage horizontally). The last task of step 250 is to forecast sales and average price development per price level over the planning period. For the forecast, the forecast function (F7) of the marketing planning process 10 can be used, or the user make his/her own estimates. The forecast average prices per price level for the brand represent the first target prices for the product types. These targets are revised several times and finalized in step 258. After the average price development forecasts, the brand sales price level is forecast in a similar way.

Step 250 rearranges the numbers entered in Fig. 16a in two additional charts for further analysis. In a chart as shown in Fig. 16b, step 250 lists the brands per price level according to their brand share (column 6 in Fig. 16a) and displays the brand share percentage in parenthesis for the geographic unit, year and consumer segment. In a second chart as shown in Fig. 16c, step 250 rearranges the sales figures so as to show the sales development of one brand (or the total market) in one year in all the geographic units.

Step 252 analyzes the second price variable as a function of the product features and the quality of the product at each price level in a chart as shown in Fig. 16d. The objective of step 252 is to recommend product specifications and target prices per price level based. The user selects the geographic unit and year, and step 252 displays in column 1 of Fig. 16d the product features that are characteristic for the current products on the market in ranked order of importance. These features were entered in step 208.

Fig. 16d has as many price levels as were determined in step 250. Under each price level, there are four columns. In columns 3 and 4, under the heading "Brand", the user marks those features which are currently offered by the respective brand in the marketplace at that price level. (Any brand can be selected that was defined in step 100 by hitting the appropriate key). In column 2 of Fig. 16d, under the heading, "Market", step 252 displays an (X) in the rows of those features which are offered by at least one brand. In the last row, the average price is transferred from step 250.

In the "New Offer" column, column 5, the user enters an (X) if the new product type at that price level should include the particular feature. The "New Offer" is next year's product line. In the last row of columns 2, 3 and 4, step 252 displays the average price transferred from step 250. In the last cell of column 5 of Fig. 16d (under "New Offer" heading), the user enters the suggested target price for the product type. The target price is determined by the two variables analyzed in Fig. 16d, namely, the competitiveness of the product features combination of the brand's product offer and the average prices of the competing brands.

product, i.e., the correlation between change in price and consumer demand. In row 1, the user enters the prices and in row 2, the corresponding sales levels. In row 3, step 252 calculates the price elasticity (sensitivity) or the yearly change in demand after a change in price. The price elasticity measures how responsive demand for the product will be to a change in price in a given period. Price and demand are inversely related, that is the higher the price the lower the demand (and conversely). Prestige goods represent an exception, their demand increases with higher prices, but only to a certain extent.

Step 254 analyzes the market development and the average price development per consumer segment in a chart as shown in Fig. 16f. The objective of step 254 is to understand the attitude of the various consumer segments toward price to forecast average price development, and to set target prices per target consumer segment. The chart in Fig. 16f has a similar structure to the chart in Fig. 16a. The main difference is that in Fig. 16f, step 254 displays data per consumer segments for comparison while in Fig. 16a sales data of the various brands were shown (see description in step 250). Step 254 ranks the importance of the consumer segments at the different price levels in a similar manner to that shown in Fig. 16b with the only difference being that there the brands were listed.

The user enters first past data as indicated, and then forecasts sales and price development per consumer segment during the planning period. These forecasts can be based either on estimates or the forecast function (F7) of the marketing process 10 can be used.

Step 256 contains the fourth aspect of price analysis, i.e., the price characteristics of the distribution channels in a chart as shown in Fig. 16g. The objective of step 256 is to identify the largest distribution channels per price segment and forecast average price development. Step 256 also checks whether the price, distribution and consumer segmentation strategies are consistent. The chart in Fig. 16g has a similar structure to the chart in Fig. 16a. The main difference is that here, step 256 displays data per distribution channel for comparison, while in Fig. 16a sales data of the various brands were shown (see description in step 250). Once past data is entered, the user forecast sales and price development per distribution channel during the planning period are calculated. The forecast can be based either on estimates or the forecast function (F7) of the marketing process 10 can be used.

Step 258 offers a final revision of the price strategy in a chart as shown in Fig. 16a (see description at step 250). The brand sales objectives per price level are transferred from step 250. Data per consumer segment is transferred from step 254. The user's task is to analyze the sales and average price development forecast and make final adjustments if needed. The future data entered in step 250 is just suggestion. The marketing planning process 10 uses the data developed in step 258 as the final objectives. If there are no adjustments, then the numbers entered in step 250 will be identical with the objectives set in step 258. If on the other hand the user changes the brand's sales forecast per price level developed in step 250, then the sales of all brands per price level might not add up to the total market and will need to be adjusted.



Step 262 monitors sales development per price level in a chart as shown in Fig. 14t and per consumer segment in a chart as shown in Fig. 14u. (See step 118).

In summary, step 28 of the marketing planning process 10 developed a price strategy by  
 5 analyzing the price levels at which the product category is sold in step 250. Next, step 28 analyzed the products which are sold at the different price levels and made suggestions concerning product feature requirements and average prices for each price level in step 252. Steps 254 and 256 analyzed the price development in the target consumer segments and in the distribution channels respectively, and then forecast sales and price development at the various price levels. Finally, step 256 finalized the price  
 10 strategy by setting sales and average price targets for the planning period per price level.

As shown in Fig. 8, step 30 performs a distribution analysis and strategy development as further explained in steps 300-322. Distribution analysis is very similar to market analysis. Step 30 reveals who the major distributors are, and what the brand's share is per distribution channel. Key to a  
 15 successful distribution strategy is to identify the most important types of distribution, i.e., those channels where the brand can realize the highest sales volume at the least expense.

Distribution analysis begins with step 300 in a chart as shown in Fig. 17a. Fig. 17a contains all the necessary information needed for understanding the market situation and developing a successful distribution strategy.

In Fig. 17a, the user can select the geographic unit, the year and the brand. Step 300 enters  
 20 only current and past data. Future data can be viewed in Fig. 17a but cannot be changed. It is transferred from step 308 and step 310. Step 300 starts with entering the types of distribution channels in which the product is currently sold, or in case of new products where the products will be sold in column 1. For example, the types of distribution channels can refer to different types of outlets like department stores, chain stores, drug stores.

The first group of columns comprises columns 2, 3, 4 and 5 under the heading of "All  
 25 Distributors", i.e., the total market. In column 2, the number of outlets are entered per type of distribution. In column 3, the total sales per type of distribution is entered. In the last row, the "Total" data is already displayed from step 50. Step 300 shows the difference between the sum of the total sales per type of distribution and the number in the "Total" row in red at the bottom of the screen. The  
 30 sum of total sales per type of distribution must be equal to the total market sales. In column 4, step 300 calculates the share of each type of distribution in the total market (percentage vertically). In column 5, the average sales per type of distribution is calculated by dividing total sales by the number of outlets in a type of distribution.

In Fig. 17a, the second group of columns under the heading of "Brand's Distributors"  
 35 comprises columns 6, 7, 8, 9 and 10. The "Brand's Distributors" are all those selling points which sell the brand either exclusively or together with other brands. In column 6, the user enters the number of outlets where the brand is sold in each type of distribution. In column 7, step 300 calculates the

within a type of distribution that is selling the brand (percentage horizontally). In column 8, the sales volume of the brand's distributors is entered. In column 9, step 300 calculates the share of each type of distribution in the total sales of the brand's distributors (percentage vertically). In column 10, step 300 calculates the brand's market reach.

The market reach is a distribution indicator expressing the percentage of the market which is reached by the outlets selling the brand. Step 300 calculates the market reach by dividing the sales of "Brand's Distributors" (column 8 of Fig. 17a) by the total sales of the type of distribution channel (column 3) and multiplies it by 100. The objective of the above analysis is to find out, how many outlets sell the user's brand, and what role those distributors play in the total market? Market reach reveals the maximum market share potential of the brand under its current distribution pattern. If all the outlets selling the brand sold only the brand, then their market reach would equal to brand's market share. A brand cannot have higher market share than the total sales of "the brand's distributors".

The last group of columns of Fig. 17a, under the heading "Brand", comprises columns 11, 12, 13 and 14, and displays data referring to the brand which was selected at the top of the chart by hitting the appropriate key. In column 11, the brand's sales per type of distribution is entered. In the last row, the total brand sales ("Total") were transferred from step 100. Step 300 shows the difference between the sum of the total sales per type of distribution and the number in the "Total" row in red at the bottom of the screen. The sum of total sales per type of distribution must be equal to the total brand sales. In column 12, step 300 calculates the share of each type of distribution in the brand's sales (percentage vertically). In column 13, step 300 calculates the brand's market share per type of distribution channel by dividing brand sales (column 11) by total market sales (column 3) and multiplying it by 100. In column 14 of Fig. 17a, step 300 calculates the distribution share of the brand.

Distribution share shows how important the brand is to its distributors in a type of distribution, i.e., what percentage the brand's sales represent in the total sales of its distributors. Step 300 calculates the brand's distribution share by dividing the brand's sales (column 11) by the total sales of "the brand's distributors" column (6) and multiplying it by 100.

Usually, the quickest and easiest way to increase sales is to improve the brand's share with its current distributors. The distribution strategy, as developed in step 30, comprises setting market reach and distribution share objectives in step 320. These two indicators are interdependent according to the following formula:

$$\text{Market share \%} = (\text{market reach} * \text{distribution share}) / 100$$

Step 300 rearranges the data in Fig. 17a in three different charts. First in a chart as shown in Fig. 17b, step 300 ranks the types of distribution according to their importance in the total market, in the brands distributors, and in the brand's sales according to the brand's market reach and distribution share.

- distribution channels (a) where the brand needs to increase its market reach by opening up new outlets; and (b) where the brand needs to increase its distribution share by selling more goods to the same distributors. Step 300 lists those types of distribution under the heading "New Distribution Channels" (needed) where the brand's market reach is average or lower, and under "Channels to Improve Share" where the brand's distribution share is average or lower.

The last overview that step 300 displays is in a chart with a similar structure to the one in Fig. 17a with the only difference being that on the top of the chart where a type of distribution is selected, and in column 1, where the geographic units are listed.

- Step 302 analyzes the position of the major brands in the different types of distribution channels in a chart as shown in Fig. 17d. In Fig. 17d, only past and current data are entered and the forecast will be prepared in step 310 in an identical chart. In column 1, the types of distribution channels are listed. In the first two sets of columns, columns 2, 3, 4, 5, 6 and 7, under the heading "Total Market" and under the heading "The Brand", step 302 displays the data from step 300. Column 2 and 5 show the sales data, column 3 and 6, the share of each type of distribution channel (percentage vertically) and column 4 and 7, the brand share (percentage horizontally) which under the heading "Total Market" is, of course, 100 percent. The user enters the sales of the competing brands per type of distribution in column 8. Similarly to columns 6 and 7, step 302 calculates columns 9 and 10. In the "Total" row of column 8, the brand sales are already displayed (data transferred from step 100). The sum of brand sales per type of distribution must equal the number in the "Total" row. Step 302 displays the difference in red at the bottom of the chart, if any. Similarly to the brand's sales, the user may enter the sales also of the competing brands in step 300. In that case, Fig. 17d is filled in completely when step 302 displays it on the screen.

- Step 302 rearranges the data of Fig. 17d into three charts. In a chart as shown in Fig. 17e, step 302 ranks the importance of the types of distribution per brand according to their shares in the brand sales and displays the actual share percentage in parenthesis. In a chart as shown in Fig. 17f, step 302 ranks the importance of the brands per type of distribution according to their brand shares and displays the actual share percentages in parenthesis. Finally in a chart similar to the one shown in Fig. 17a, step 302 displays an overview of the brand sales in one type of distribution channel in all the geographic units. The only difference between the charts of Fig. 17a and Fig. 17d is that here step 302 displays the name of a type of distribution on top of the chart (in place of the geographic unit), and lists all the geographic units in column 1 (instead of the type of distribution).

- Steps 300 and 302 showed the user the brand's strong and weak points in the various types of distributions. Steps 304 and 306 will reveal the reason by analyzing the dealers attitudes toward the product and the other brands. Step 304 analyzes the important factors that play a role when distributors decide to stock a brand in a chart as shown in Fig. 17g. Step 304 lists the types of distribution channels in column 1 and "Factor" in the headings of columns 2, 3, 4, 5 and 6. The user's



stock a brand (market research data). These factors can be, for example, price, service, advertising support, packaging, dealer's discount, etc. and they will vary with each product. Once the names of the determining factors are entered, the user evaluates the importance of each factor in each type of distribution (market research data).

In two charts as shown in Fig. 17h and Fig. 17i, step 304 rearranges the data so as to better understand its meaning. In Fig. 17h, step 304 ranks the importance of determining factors per type of distribution. In Fig. 17i, step 302 gives an overview of the importance of the determining factors in one type of distribution in all geographic units.

Step 306 analyzes the brand image in the distribution channels in a chart as shown in Fig. 17j by using a score system from low to high, i.e., high score means a better score. The objective of step 306 is to compare the brand's services rendered to the distributors with those of the competition by evaluating each brand per determining factor. Step 306 displays the determining factors (data transferred from step 304) in column 1. Across in the column heading, the brand names are displayed from step 100. The user's task is to score each brand as to how well they perform on each factor (market research data). In column 6, under the heading "Strong/Weak", step 306 evaluates the brand's position compared to other brands. The brand's position will be judged: strong, if the brand has the highest score alone; neutral (a) if the brand share the highest score with at least another brand, or (b) if the brand is ranked number one but not on the highest score level; and weak if any other score than the above.

The primary aim of the brand will be to obtain the best score on the most important factor per distribution channel.

Step 306 rearranges the data entered in Fig. 17j in three different ways. First in a chart as shown in Fig. 17k, step 306 ranks the brands per determining factor and displays the score in parenthesis. Second as shown in Fig. 17l, step 306 displays the strengths and weaknesses of the brand in a geographic unit in a given year. Third as shown in Fig. 17m, the evaluation scores of all brands are displayed in all geographic units for one distribution type, in one year for on one determining factor. In column 6, the evaluation of the brands is shown. (see Fig. 17j).

In step 308, the distribution strategy development begins in a chart as shown in Fig. 17n. In step 308, three major tasks are performed: (a) the analysis of the major distribution channels where the target consumer segments purchase the product; (b) identification of new channels and setting strategies for them, and (c) forecast of market sales per type of distribution and consumer segment. The chart shown in Fig. 17n is similar to the one used in step 302 with the only difference being that here brand sales analysis is replaced with the analysis of the purchase patterns of the consumer segments. In column 1 of Fig. 17n, the types of distribution channels are listed. In the column headings, first the "Total Market" is displayed, and then all of the target consumer segment which were identified in step 120. If no segments were selected, then those columns remain empty. In

from step 300. In columns 5 and 8, the user enters market sales data per consumer segment. In columns 3, 6 and 9, the share of each type of distribution channel (percentage vertically) is calculated, and in columns 4, 7 and 10, the market share of the consumer segments (percentage horizontally).

- 5 The market share under the heading "Total Market" is always 100 percent. Nevertheless, the share of consumer segments may add up to more than 100% because of possible overlapping. The total purchases per consumer segment is already displayed in the "Total" row of columns 5 and 8 (data transferred from step 120). The sum of purchases per consumer segment in the types of distribution must equal the number in the "Total" row. Step 308 displays the difference at the bottom of the chart, if any.

Step 308 also forecasts the sales development per type of distribution during the planning period. For the forecast, the user may use estimates or the forecast function of the marketing planning process 10 by hitting F7.

- Step 308 rearranges the data of Fig. 17n in three charts. In the first chart as shown in Fig. 17o, step 308 ranks the importance of the types of distribution per consumer segment according to their shares in the consumer purchases and displays the actual share percentage in parenthesis. In the second chart as shown in Fig. 17p, step 308 ranks the importance of the consumer segments per type of distribution according to their shares and displays the actual share percentages in parenthesis. Finally, in the third chart as shown in Fig. 17r, step 308 displays an overview of the brand sales in one type of distribution channel for all the geographic units. The only difference between Fig. 17r and Fig. 17n is that here step 308 displays the name of a type of distribution on top of the chart (in place of the geographic unit), and lists all the geographic units in column 1 (instead of the type of distribution). Step 308 thus enables the user to study whether the purchase pattern of a consumer segment is characteristic for all geographic units or it is only a unique phenomenon in one.

- Step 310 breaks down the sales objectives of the brand (set in steps 104 and 120) per consumer segment and per type of distribution in a chart as shown in Fig. 17s. Step 310 lists the types of distribution channels including the new types (data transferred from step 308). In the column headings, step 310 enters "Total Market" and all the consumer segments which were selected in step 120. Under each major heading, there are four columns. The columns 2, 3, 6 and 7 display data of the total market, and columns 4, 5, 8 and 9 display brand data. Columns 2 and 6 show total market sales (data transferred from step 300 past and step 308 future). In columns 3 and 7, step 310 calculates the share of each type of distribution in the total market sales (percentage vertically). In columns 4 and 6, the sales objectives of the brand per type of distribution per consumer segment is entered. The user may enter estimates or use the forecast function of the marketing process 10. In columns 5 and 9, step 310 calculates the brand share percentage per type of distribution (brand sales/market sales X100). In the "Total" row of Fig. 17s, step 310 displays the total sales of the brand (data transferred from step 100(past), step 104 (future) and step 120 per consumer segment. The brand sales objectives per type

red numbers at the bottom of the screen.

Step 310 rearranges the sales objectives entered in Fig. 17s into two charts. In a chart as shown in Fig. 17t, step 310 compares the brand's share in the total market and in a consumer segment for each type of distribution channel. In the second chart which is similar to Fig. 17s, step 310 gives an overview of the brand sales objectives in one type of distribution channel for all geographic units.

Step 312 finalizes the brand's sales objectives per distribution channel in an identical chart as shown in Fig. 17d (see description in step 302). The objective of step 312 is to check on our sales objectives by forecasting the sales of the competing brands in the different types of distribution channels. Step 312 displays the past data from steps 300 and 302, and future data from steps 308 and 310 for the market and for the brand.

Before the sales objectives are finalized, step 314 makes a final check by comparing the brand's distribution and product strategies in a chart as shown in Fig. 17u. Step 314 displays the total market numbers (data from step 300 for the past and 308 for the future), the total brand sales per product type (data transferred from step 216) and the brand's sales projections per distribution channel (data from step 310). Step 314 calculates the percentage columns based on the market share of the distribution types (first percentage column, percentage calculated vertically and adds up to 100%), the distribution channels' shares in the brand sales (second percentage column) and the brand shares per type of distribution (last column, percentages horizontally: brand sales/market sales x 100). The user's task is to break down the brand's sales objectives per type of distribution into sales per product type and type of distribution, i.e., to divide the total sales per product type among the distribution channels. Step 314 thus harmonizes distribution and product strategies.

Step 316 displays an overview of the distribution strategy in a chart as shown in Fig. 17y.

Step 318 displays the development of the number of distribution outlets per type of distribution in a chart as shown in Fig. 17aa. In step 300, the user entered the number of outlets per type of distribution on a yearly basis. Step 318 displays the same data over the entire period in one geographic unit and calculates the yearly growth rate. In another chart as shown in Fig. 17bb, step 318 also displays the development of the number of outlets over the planning period, but this time, for all of the geographic units after the type of distribution was selected (in Fig. 17aa). The planner's task in step 318 is to forecast the development of the number of units during the planning period. Estimates may be entered, or the user may use the forecast function of the marketing planning process 10.

Step 320 sets distribution objectives, i.e., strategies the user must follow in order to attain the sales objectives developed in step 310 as shown in a chart of Fig. 17cc. Setting distribution objectives means to determine the necessary market reach, distribution share and number of outlets objectives (see explanation in step 300). The objectives are developed on a geographic unit basis year by year. Fig. 17cc displays the types of distribution in column 1. In column 2, the projected market sales figures are displayed per type of distribution as forecast in step 308. In column 3, step 320 calculates



- 5 display the market reach, first in the current year, and then lets the user enter the target market reach percentages for the year marked in the column heading. Columns 6 and 7 display the distribution share percentages. Column 6 shows the current year's distribution share and in column 7, step 320 calculates the brand's distribution share based on the market reach objective entered in column 5, since the two indices are interdependent and both are a function of brand sales which is displayed in column 8. In columns 9 and 10 of Fig. 17cc, step 320 calculates the share of each type of distribution in the brand sales (percentage vertically) and the brand share in each type of distribution (brand sales/market sales x 100). The interdependence of brand share, market reach and distribution share is shown in the following formulas:

$$\text{Market share} = \frac{\text{Market reach} * \text{Distribution share}}{100}$$

and

$$\text{Brand sales} = \frac{\text{Total market} * \text{Brand share}}{100}$$

- When setting objectives for market reach and distribution share, the user actually defines what really needs to be done in order to meet the sales targets, i.e., to what extent the brand needs to acquire new distribution channels (to increase market reach) and to what extent it needs to increase its share with the current distributors.

Step 320 provides a final check on how realistic the distribution strategy objectives are by displaying an overview of the market reach and distribution share objectives for one type of distribution but in all geographic units in a chart similar to Fig. 17cc.

- The third distribution strategy indicator is the number of outlets that step 320 determines in a chart as shown in Fig. 17dd. Based on the brand's market reach and the distribution share objectives, step 320 fills in this chart of Fig. 17dd completely by transferring data from Fig. 17cc. Step 320 calculates the number of outlets needed to meet the brand's sales objectives by using the brand's current average sales per outlet according to the following formula:

$$\text{Number of outlets needed} = \frac{\text{Total brand sales (in units)}}{\text{Average number of units sold}}$$

The brand sales, which were determined in step 310, are constant in step 320. The user can thus change only the other variable of the equation, the average number of units sold per outlet. There

(1) by concentrating at the larger distributors, i.e., outlets with a higher average number of units sold, or (2) by increasing the brand's distribution share, i.e., the number of units the brand sold per outlet.

The larger the outlet average sales, the lower distribution share the brand needs to meet the same brand sales objectives. The two variables are thus inversely related. The average number of brand sales is calculated by the following formula:

$$\text{Average number of brand sales} = (\text{Average number of units sold (all brands)} \times \text{Distr. Share \%})/100$$

In Fig. 17dd, the distribution share, which was determined in Fig. 17cc, is constant. Here, the user's only option is to change the distribution channels' average number of units sold where the brand is sold, i.e., to sell the brand in those outlets which have a higher volume. In column 1, the types of distribution are listed. In columns 2 and 3, step 320 displays the following market data: total number of outlets and their average sales (all brands) transferred from step 300 (past) and step 318 (future). Columns 4 and 5 show the same data for the brand's distributors, namely, the number of outlets currently selling the band and their average sales. In the "Outlets Needed" columns, columns 6 and 7, step 320 calculates how many outlets the brand would need if its distributors would remain the same, i.e., their average sales per outlet would not change and the average sales under "Outlets Current" are the same as under "Outlets Needed" - data transferred from step 300. The number of needed outlets is calculated as:

20	Brand	sales	target	for	the	selected
	year					
	Number of outlets needed	=	-----			
			Current average sales of the brand's distributors			

In column 8, step 320 calculates the difference between the current number of outlets and the number of outlets the brand needed to meet its sales targets. In column 9, step 320 displays the brand's average sales per outlets, which is also a calculated value and is a function of the average sales of its distributors. The brand's average sales per outlet is calculated as:

$$\text{Brand's average sales per outlet} = (\text{Outlet's average sales} \times \text{Brand's distribution share \%})/100$$

The user's task in Fig. 17dd is to set average sales targets for the brand's distributors. If the user changes the average number of units sold per type of outlet, then both of the following indicators will also change accordingly: (a) the number of outlets needed, and (b) the brand's average sales per outlet. Changing the number in one column will recalculate two strategic indicators automatically, whereby the user will continue to change the average sales of the distributors as long as the brand's average sales targets do not seem realistic. The "Difference" column, column 8 in Fig. 17dd, was

objectives given the set market reach and distribution share targets.

Finally, step 320 gives an overview of the number of outlets needed for the brand to meet its sales objectives in one type of distribution channel for all geographic units. The chart is similar to Fig. 17dd but it changes the axes by showing one type of distribution channel at the top of the chart and all geographic units in column 1. In a chart similar to 14dd, step 322 monitors the brand sales and share development per type of distribution. See the description in step 118.

In summary, step 30 of the marketing process 10 analyzes the current distribution pattern of the product. Step 300 identifies the major outlets and calculates the brand's market reach and distribution share. Then, steps 304 and 306 analyzes the distributors' attitude toward the brands. Next, steps 308, 310 and 312 develop a market forecast for each type of distribution and consumer segment and set sales objectives for the brand. Finally, step 320 sets distribution objectives for market reach, distribution share and number of outlets. Step 322 monitors sales development per distribution channel during the planning year.

Step 32, the development of the advertising strategy is further explained in steps 350 to 364 of Figure 9. The objective of advertising strategy is to convey a message to the target audience.

Step 350 starts with establishing which media are currently used for advertising the product and how much the major brand has spent in each medium in a chart as shown in Fig. 18a. In Fig. 18a, the highest level of geographic unit is treated as an individual unit because there are media campaigns which cover the entire territory. The total media spending is thus the sum of media spending in all geographic units including the highest level. Step 350 lists "Medium I ...." in column 1. The user renames the lines by entering the names of the actual media used and enters additional ones if necessary. Step 350 enters the names of the major brands in the column headings as defined in step 100 including the total market. Once the amount spent in each medium by each brand is entered, step 350 calculates the share of each medium in the total spending of each brand (percentage vertically).

Below the "Total" line, step 350 calculates an important advertising concept, namely, the "Share of Voice" (S.O.V) percentage which is the percentage of the media expenditure of a brand in the total media expenditure according to the following formula:

$$\text{Share of Voice} = \frac{\text{Media expenditure of a brand}}{\text{Total media expenditure}} \times 100$$

In the last line, step 350 displays the brand shares in the total market (data transferred from step 100 for the past and 104 for the future.



of media spending per brand based on a current trend. The user can enter estimates or use the forecast function of the marketing process 10.

Step 350 aids in analyzing the meaning of the media spending per brand by rearranging the data entered in Fig. 18a in four subsequent charts. In a chart as shown in Fig. 18b, step 350 compares a brand's share of voice and market share rank. Step 350 lists the various brands according to the size of their media expenditures in column 1, and the actual amount spent in column 2. In columns 3 and 4 of Fig. 18b, step 350 compares S.O.V and the brand share percentages of each brand. In column 5, step 350 displays the ranking number of the brand according to brand share. Theoretically, the brand share and the S.O.V ranking of a brand should be the same, i.e., the brand with the highest brand share is "supposed" to spend most on advertising.

Many companies use the Share of Voice for determining the size of their media budget. The marketing planning process 10 advises against it. S.O.V. provides important guidelines, but it should not be used as the only criterion for spending level decisions because it excludes other innumerable factors which influence the efficiency of our advertising. Even the basis of this calculation, namely, the total amount of spending by all brands, might not be correct.

In a chart as shown in Fig. 18c, step 350 ranks the brands per medium according to the amount spent. In a similar chart, step 350 changes the axis, and ranks all media per brand. Finally, in a chart as shown in Fig. 18d, step 350 gives an overview of media spending of the brands in one medium for all geographic units. The structure of the chart is identical with the one in Fig. 18a.

Steps 352 and 353 belong together. Step 352 analyzes the consumer purchase steps model of the product in a chart as shown in Fig. 18e and step 353 sets objectives in a chart as shown in Fig. 18g. Deciding to make a purchase and selecting a particular brand is a multistep process. The objective of step 352 is to measure each of the following steps: awareness, acceptance, preference and purchase levels among the various consumer segments, and to identify which of these purchase steps to emphasize in the brand's advertising campaigns. In column 1, the geographic units are listed as defined in the set-up. In the column headings, the following purchase steps are listed: awareness, acceptance, preference and purchase level. Under each column heading, all the major brands are displayed which were defined in step 100.

Each user will have his or her own definition of purchase steps. The definition in itself is irrelevant. It is only important that the same definition should be used over the years when market research is carried out.

The purchase steps are measured in percentages of the consumer base (as defined in step 54). For example, 5% level of acceptance means that 5% of the consumer base finds the brand's product acceptable. In Fig. 30e, step 352 does not calculate the purchase level but uses the same research data as used for the other steps.

percentages are based on the awareness level. Consequently, they express what percentage of the consumers who are aware of, would accept, prefer or purchase the brand. The line always shows the index for the geographic unit on which the cursor is placed. The index is a more accurate measure of the correlation among the indicators than the actual percentages based on the "consumer base". The user's task is to forecast the development of the purchase steps. The forecast numbers can be entered (research data or estimates) or the forecast function of the marketing planning process 10 can be used.

Step 352 also rearranges the data entered in Fig. 18e in a chart as shown in Fig. 18f to facilitate further analysis. In Fig. 18f, step 352 lists the geographic units, then in the following columns, it compares the selected brand's actual percentage and rank with regard to the following six major indicators: market share (data transferred from step 100 (past) and step 104 future), Share of Voice (data from step 350), awareness, acceptance, preference and purchase level ranks (data from Fig. 18e).

Step 353 sets advertising goals in a chart as shown in Fig. 18g. In column 1, the years of the planning period are listed as defined in the set-up. In the next three column headings, step 353 enters the three indicators for which the user needs to set the following advertising objectives: awareness, acceptance and preference levels. Data for the current year is also entered from step 352. In column 7, step 353 calculates the projected purchase levels based on the sales objectives set in step 104 and the Consumer Base as determined in step 54 in accordance with the following formula:

$$\text{Purchase level \%} = \frac{\text{Sales} / \text{Purchase frequency}}{\text{Consumer Base}} \times 100$$

The purchase level in step 353 is different from the one used in step 352 because each has a different source. Step 352 uses market research data for consistency within the chart. In step 353, on the other hand, the user's task is to set actual advertising objectives to meet sales targets; consequently, the actual data (calculated) becomes more relevant.

Under the headings acceptance and preference and purchase level, there are two columns. In columns 3, 5 and 7, step 353 displays the actual percentage goals, i.e., the percentage of the consumer base who accepts, prefers and purchases the brand, and in columns 4, 6 and 8, the index is calculated. The base of the index is the awareness level, i.e., the percentage of the consumer base who is aware of the brand. (See step 352). In column 9 of Fig. 30g, step 353 displays the projected brand share percentages (data from step 104) for reference.

Step 353 gives an overview of the advertising objectives in a chart as shown in Fig. 18h. After listing the geographic units, step 353 displays the consumer base in column 2 as determined in step 54. In columns 3, 4, 5 and 6, the following four indicators are entered: awareness, acceptance, preference and purchase (calculated) levels. In columns 7 and 8, the brand's sales objectives and

104(future). This is the last opportunity, when the user can revise the advertising objectives.

Step 354 analyzes the relationship between brand sales development and media expenditures in a chart as shown in Fig. 18i. Then, based on the correlation, Fig. 18i projects the necessary media spending that is needed to meet brand sales targets. For this analysis, the multiple regression statistical model 52 (see description there) is used which was also used for Forecast II and developed in step.

In the chart in Fig. 18i, the geographic unit and brand can be selected by hitting the appropriate keys. In the first row, the past media budget of the brand is entered from step 350. In the next line, the brand sales are entered from step 100 (past) and step 104 (future). In the next rows, the marketing planning process 10 suggests several influencing factors and enters the following data: awareness, acceptance, preference and purchase levels (data transferred from step 352 for the past, step 353 for the future), brand share (data from step 100 for the past, step 104 for the future) and total media spending (all brands - data from step 350). The user may enter any number of additional variables or may exclude any or all of the suggested variables from the calculation by hitting the appropriate keys.

Step 356 develops the media plan in a chart as shown in Fig. 18j. As a starting point for the media plan development, the user records in the 'Conclusions' the advertising message that the media plan has to convey to the target audience. This message was developed in step 26 and finalized in step 210. The effectiveness of the developed media plan depends on (a) how many target customers can be reached by using a particular medium (advertising reach), (b) who are those people (target consumers), (c) how many times the target audience will actually see, hear or read the advertising (number of contacts). The success of the media plan will depend on to what extent it will attain the required awareness and purchase levels. The media plan is developed on a geographic unit basis and usually comprises several campaigns during the year. For every campaign, the user needs to fill in a chart as shown in Fig. 18j. The geographic unit and year can be selected by hitting the appropriate keys, and then the user enters the campaign number (the number of campaigns to be entered is unlimited.)

In Fig. 18j, first the type of medium is selected and then the actual vehicle within the type of medium is set. For example, the type of medium is magazines, and the actual medium to be used is *Good Housekeeping*. The following factors will influencing the media mix selection: (a) the media effectiveness: i.e., which media can convey our message the most effectively depends on the message (how easy or complicated it is to understand?) and on the product (cosmetics are usually advertised in women's magazines); (b) the type of consumers reached, e.g., when the user follows a segmentation strategy, he or she will select the media which reaches the target group in the most effective way, and configure the reach of the media mix to be wide enough to realize sales objectives; (c) competitive media usage which in turn depends on the market situation, i.e., if the user is the market leader, then the user should probably spend more in each medium than any of the brand's competitors. If the user



she wants to take and then spend most of its money in the media not used by the targeted brand, while another option is to outspend the brand in its major medium; (d) cost effectiveness of the media is also an important factor and is usually expressed either by the "cost-per-thousand criterion" (the cost per thousand target consumer reached) or the "sales-per-\$unit-spent" index (See description below).

In the next line of Fig. 18j, the user enters the 'Timing' of the campaign. This can be one period, several periods or throughout the entire year. Then the target segment that will be reached by the particular vehicle. When the cursor is on the target segment line, step 356 lists the selected target segments (selection in step 120) and the user selects the segment that will be the target audience of the campaign. The percentages in the chart are based on the size of the target audience which is entered in the next column from step 66. In the next four lines, the following goals of the campaign are entered:

(1) Gross Rating Points (media/advertising reach) indicate the percentage of the target audience who have the opportunity to see, hear or read the advertising placed in the medium. (2) "Number of contacts" is the number of opportunity the target audience has to actually see, hear or read the user's advertising. (Other terms like frequency or exposure may mean the same concept.) (3) Medium index determines the number of insertions (placement of the ad in the magazine, or playing the commercial on tv) needed to attain the required contacts (or frequency goals). (4) Insertions mean the number of insertions (frequency of advertising) needed to attain the predetermined contact goals.

In line 5 of Fig. 18j, step 356 enters the placement costs, i.e., the cost of one insertion in the medium and calculates the campaign budget by multiplying the number of insertions with the placement costs. Lines 7, 8, and 9 display the following goals of the campaign: (1) "Awareness Level" goal among the target audience at the end of the campaign (in percentage and in numbers); (2) the "Purchase Level" achieved by the campaign, i.e., the percentage of the target audience that actually will buy the brand (in percentage and in numbers); (3) the "Purchase Frequency" of the target audience during a year; and finally (4) step 356 calculates the projected sales as a result of the campaign by multiplying the number of purchasers with the purchase frequency.

In a chart as shown in Fig. 18k, step 356 gives an overview of the individual campaigns in the form of a media plan. In column 1, step 356 lists the names of each vehicle which is used in the campaigns. Column 2 displays the campaign coverage, i.e., the number of people who were reached by the campaign based on the GRP calculation in Fig. 18j. In the last line, step 356 calculates the total coverage, i.e., the total number of people reached by all the campaigns which equals the sum of all people reached reduced by the duplication percentage which is entered in the last line. The duplication percentage indicates the overlap of consumers reached among the media used in the plan. High duplication percentage reduces the number of consumers actually contacted but in turn it increases the frequency of exposure to the advertising, i.e., the awareness level. When the user sets awareness objectives per medium, the duplication effect must be taken into consideration.

compare the cost of the various media per thousand consumers reached. The index is based on the price of one placement in accordance with the following formula:

$$\text{Cost per Thousand} = (\text{Total campaign budget} / \text{Total number of people reached}) \times 1000$$

- 5 In column 4, step 356 displays the awareness level goals for each campaign from Fig. 18j, and in column 5, step 356 displays the absolute number of consumers who, hopefully, will be aware of the brand at the end of the campaign. In the "Total" line, step 356 calculates the total number of consumers who will be aware of the brand at the end of the year by adding up the numbers in the awareness column and reducing it by the duplication percentage. In column 6 of Fig. 18k, step 356
- 10 displays the projected sales as a result of the campaigns (the total sum of projected sales reduced by duplications), and in column 7, step 356 calculates the budget of each campaign. In column 8, the second advertising index in terms of the sales/\$10,000 is calculated. This indicator reveals the projected sales per \$ 10,000 advertising expenditure. It can be used to compare the projected cost-effectiveness of the various media. The "Total" "Sales/\$10,000" indicator is calculated by dividing the
- 15 total sales potential by the total budget and by multiplying it by 10,000. The index thus takes into consideration duplications.

- Cells 9, 10, 11 and 12 in the last two lines of Fig. 18k serve as a check on the strategy. Step 356 displays the sales objectives set for the year (step 104) with the sales projections of the campaigns, and in cell 10, step 356 calculates the difference in absolute numbers and in percentages.
- 20 This number serves only as a benchmark. Apart from advertising, there are several other factors which influence the sales, so that the user cannot state that the brand's actual sales will equal the sales potential calculated in this chart; it may be more or less. The aim of this calculation is only to provide the user with a better insight into the advertising expenditure.

- Finally, step 356 summarizes the media plan in a chart as shown in Fig. 18l. The chart is
- 25 similar to the one in Fig. 18k, with the only difference being that here, step 356 summarizes the media vehicles per type of medium revealing the media budget per type of medium for the next year, i.e., the future data that is shown in Fig. 18a (see step 350). Developing a media plan with set advertising goals is the preferred way the marketing planning process 10 recommends to establish the size of the advertising budget.

- 30 Step 358 calculates the total advertising budget in a chart as shown in Fig. 18m. If none of the usual methods of media budget determination is used, then the user may use this chart for allocating a fix sum among the various geographic units according to their importance in the marketing strategy. The year for which the advertising budget is to be established can be selected. It is usually the first year of the planning period as determined in the set up. In the first column of Fig. 18m, step 358 lists
- 35 the geographic units, where the highest level is also considered as one geographic unit since there are campaigns which will cover the entire territory. In column 2, the share of each geographic units is calculated in the brand sales so as to reveal its importance in the marketing strategy.

year (data from step 350), then enters the amount of other advertising expenses and finally calculates the total advertising spending in column 5 by adding up the two. In columns 6, 7 and 8, the same data is shown for the selected year. Step 358 enters the projected media spending depending on the method selected. Step 358 automatically enters data generated in step 356. The user can change the source of data by selecting another method of media spending determination. After hitting the appropriate key, the user selects the method from the displayed list by putting the cursor on the selected one. Method I enters data generated in step 350, Method II in step 354, Method III in step 356, and Method IV provides the possibility for entering the data here, in step 358. "Other" advertising expenses which are expenses that we pay the advertising agency for producing the commercial or advertisement and their fee for handling our account which is usually calculated as a percentage of media expense, are entered here. In column 9 of Fig. 18m, step 358 calculates the percentage of each geographic unit that it represents in the total advertising budget. A comparison between the first and last percentage column aids the user to check on the correctness of the advertising strategy.

Step 358 gives three overviews in a chart as shown in Fig. 18n. In the first overview, step 358 lists the media in column 1, and displays the brand's media spending over the years in one geographic unit in column 2, and then calculates the yearly growth rate in one geographic unit in column 3. In the second overview, a medium is selected, and step 358 displays all the geographic units in column 1, and then in column 2, the media spending in the selected medium over the years, and the yearly growth rate in column 3. In the third overview, both the geographic unit and the medium can be selected, and step 358 displays all the brand names in column 1, and then the media spending in the selected geographic unit in the selected medium is shown in column 2, together with the yearly growth rate in column 3.

Step 360 gives an overview of the advertising strategy in a chart as shown in Fig. 18o. In columns 2 and 3, step 360 displays the projected brand sales per geographic unit (in units or in dollars) and the brand share percentages (data transferred from step 104). In column 4, step 360 displays the total advertising budget from step 360 before calculating the sales/\$10,000 index by dividing total sales by the total advertising budget and multiplying it by 10,000. In the last column of Fig. 18o, the user identifies the major media that is used in the particular geographic unit.

Step 360 displays a second overview in a chart as shown in Fig. 18p. In this overview, step 360 first ranks the geographic units according to the efficiency index (sales per \$10,000), before displaying the brand share percentage (from step 104) in column 3 and the major media used from Fig. 18o in column 4. The sales per \$10,000 indicator is different from the one calculated in step 356, because it refers to the total sales objectives of the brand that were developed in step 104 and not only to the sales levels projected in the media plan in step 356.

Step 360 compares the advertising strategies of the various brands in another overview that is displayed in a chart as shown in Fig. 18r. In column 1 of Fig. 18r, the brands are listed as defined in



from step 104, before displaying the advertising budget from step 358. In column 5, step 360 calculates the sales / \$10,000 ratio, and finally repeats the major medium used per brand per geographic unit from step 358.

5 Step 362 monitors media spending per brand per medium in a chart as shown in Fig. 18s. Step 362 displays the media in column 1 that is used by any brand, and then enters in column 2 the projected media spending of the total market per medium (data transferred from step 358 for our brand, and step 350 for other brands). In column 3, the user enters the actual media spending once the data becomes available. In the next two columns of Fig. 18s, step 363 calculates the difference  
10 between the projected and actual spending first in absolute numbers then in percentages. The next group of columns, columns 6, 7, 8 and 9 of Fig. 18s, display the same data for the selected brand. The user needs to pay special attention to the development of the absolute level of media spending and to the development of spending levels in each medium and in each geographic unit. Step 362 rearranges the data in Fig. 18s and monitors spending development per geographic unit in a similar chart with the  
15 only difference being that, here, the year/period and the medium is selected, and the geographic units are listed in the first column. Step 362 rearranges the data in another chart similar in structure to Fig. 18s but here the geographic unit, year/period and medium are selected, and the brands are listed in the first column. Note that media expenditures per brand (data from step 350) are tracked, but total advertising expenditure (data in step 358) are not because only that data is widely available.

20 Step 364 evaluates the results of the advertising campaigns in a chart as shown in Fig. 18t. In column 1, step 364 enters the names of the vehicles which were used in the media plan (developed in step 356), and then it displays the plan, which includes sales (step 356), awareness, acceptance, preference and purchase level objectives (data developed in step 353). The user enters the actual numbers once they become available.

25 Step 364 rearranges the data of Fig. 18t in three additional charts with similar structures where only column 1 is different. In the first overview chart, step 364 groups the numbers per advertising vehicle according to type of medium and displays the media in column 1, then the sales, awareness, acceptance, preference and purchase levels. In the second rearrangement, the chart's first column displays the geographic units, so that the user can see how the planned and actual numbers  
30 have developed in one medium in all geographic units. In the third overview chart, step 364 rearranges the axes and shows how and to what extent the objectives were realized for one geographic unit in all media.

Finally, step 364 gives a yearly overview of the development of advertising goals in a chart as shown in Fig. 18u. Step 364 displays the yearly planned and actual numbers per campaign goal, sales  
35 (data from step 356), awareness, acceptance, preference and purchase level (data from step 353) in the selected geographic unit. The actual number were entered in step 364.

determining the advertising objectives in steps 352 and 353; (2) developing the advertising message in step 356; (3) selecting the media mix in step 356; and (4) establishing the advertising budget in step 358. Steps 360 to 364 give several overview of the campaign goals so as to reveal inconsistencies if any and aid the user in tracking the results of the campaigns.

In step 34, the development of the promotion strategy is further explained in steps 380 to 388 with respect to Figure 10.

Step 380 starts with establishing which types of promotion are currently used for promoting the product and how much the major brands spend per type in a chart as shown in Fig. 19a. The task of step 380 is to analyze the following three major criteria for developing a promotional strategy: the amount spent on promotion, the types of promotion used, and the relationship between the sizes of the advertising and the promotional budgets.

In Fig. 19a, the geographic unit and the year can be selected by hitting the appropriate keys. Here the highest level of geographic unit is treated as an individual unit because there are promotional campaigns which cover the entire territory. The total promotional spending is thus the sum of promotional spending in all geographic units including the highest level. Step 380 lists "Promotion Type I ...." in column 1. The user renames the lines by entering the names of the actual types used and enters additional ones if necessary. Step 380 enters the names of the major brands in the column headings as defined in step 100 including the total market. Once the amount spent per type of promotion by each brand is entered, step 380 calculates the share of each type in the total promotional spending of each brand (percentage vertically).

Below the "Total" line, step 380 calculates the brand's share of promotional expenditures (SOP) which is a similar concept to the Share-of Voice percentage; in other words, it is the percentage of the promotional expenditure of a brand in the total promotional expenses of all brands.

In the next line, step 380 calculates the relationship between the promotional expense and the media expense of each brand by dividing the promotional expense by the media expense and multiplying it with 100. The total amount of media expense is displayed in the last line (data transferred from step 350).

Step 380 aids in analyzing the promotional patterns of the competing brands by rearranging the data entered in Fig. 19a in four subsequent charts. In a chart as shown in Fig. 19b, step 380 compares a brand's share of promotion and market share. After the geographic unit and the year were selected, step 380 lists the various brands according to the size of their promotional expenditures in column 1 and the actual amount spent in column 2. In columns 3 and 4 of Fig. 19b, step 380 displays S.O.P. and the brand share percentages of each brand. In column 5, step 380 displays the ranking number of the brand according to brand share. Theoretically, the brand share and the S.O.P. ranking of a brand should be the same, i.e., the brand with the highest brand share is "supposed" to spend the most on promotion. If there is a discrepancy, the user should look for an explanation (a) in the

instead of advertising, or (c) in the other elements of the marketing mix. An explanation must be found in order to really understand what is going on in the marketplace.

5 In a chart as shown in Fig. 19c, step 380 ranks the brands per type of promotion according to the amount spent. In a similar chart shown in Fig. 19d, step 380 changes the axis, and ranks all types of promotion per brand. Finally in a chart as shown in Fig. 19e, step 380 gives an overview of promotional spending of the brands in one type of promotion for all geographic units. The structure of the chart is identical with the one in Fig. 19a.

10 Step 382 displays an inventory of the types of promotion used for the product in a chart as shown in Fig. 19f. The geographic unit and year can be selected by hitting the appropriate keys. In column 1, step 382 lists all the types of promotion that were entered in step 380. In addition, the user may enter any additional types that might be used for promoting the product. This chart serves as a reference library. The user should consult it during the promotional strategy development process. In column 2, the user describes in detail how the promotional campaign is executed and what its  
15 objective is. The ultimate objective of each promotional campaign is to increase sales but some campaigns offer additional benefits like removing product resistance, improving brand image, etc. Columns 3 and 4 show the two indicators of a promotional campaign: (a) the effectiveness ratio, and (b) the cost efficiency indicator.

20 The promotion effectiveness ratio equals the percentage of the size of the campaign that results in sales, e.g., in case of coupon distribution, the percentage of people who will redeem the coupon by buying the product. The cost efficiency ratio expresses the actual realized sales per a dollar unit of the promotional expense attributable to the campaign (# sold/\$ 10,000). In column 5 of Fig. 19f, step 358 indicates which brand is using the particular promotion the most.

25 Step 384 develops the actual promotional strategy in a chart as shown in Fig. 19g. This is an important chart because it contains the conclusions. It works as a word processing document. In the column headings, the campaign numbers are entered. In the first line of Fig. 19g, the objective of the campaign is entered. The objective will depend on the market situation, on the strength and weakness of the brand, the share of which the users wants to take, and on the marketing strategy. When developing a promotional strategy, the user starts with making a list of the marketing problems that  
30 need to be solved. Then the user selects those problems which can be best solved by a promotional campaign. For example, these problems include the need to move inventory in X types of stores, the need to increase product acceptance from 10% to 25%, the need to increase distribution shares in Y type of outlets, or the need to open up X number of new outlets.

35 The next item is the target of the campaign. The target can be the consumer, the trade, the sales force, etc. The success of a promotional campaign correlates directly with the strength of sales force support. The sales force thus should always be a part of the campaign. In the same way, even



buy them.

Based on the objective and the target of the campaign in step 384, the user selects the right type of promotion after having consulted the promotion inventory in step 382.

5 After the type of promotion is selected, step 384 determines the size of the campaign. "Size" is the number of coupons the user distributes, or the number of dealers where displays are installed. The type of promotion and the size of the campaign determines the budget, which is entered in line 5. The total budget equals the sum of the individual campaigns that the user decides are necessary to meet the brand's promotional objectives.

10 In line 6 of Fig. 19g, the timing of the campaign is entered. Timing of promotional campaigns should match other marketing strategies, e.g., the introduction of a new product, the developing of new distribution channels, and supplementing advertising activities. The user will also record an explanation for the type of campaigns in the line "Rationale".

The last three lines of Fig. 19g concern the results of the strategy. First, the user enters the  
15 sales targets for each campaign, and then in the next line the result of the campaign after its execution. It is an interesting exercise to develop two different campaigns for similar objectives in order to compare their efficiencies. Finally, in the last line, step 384 provides a space for the user to enter any comments deemed necessary.

Step 386 gives an overview of the promotion strategy for each geographic unit in a chart as  
20 shown in Fig. 19h. Step 386 lists the geographic units in column 1 and displays the promotional budget (the sum of individual campaigns developed in step 386) in column 2. Next in column 3, step 386 calculates the share of each geographic unit in the total promotional budget (vertical percentage). In column 4, step 386 calculates the share of the promotional budget of the advertising budget (percentage across). The actual size of the advertising budget is displayed in column 5 (data  
25 transferred from step 358). Step 386 calculates the share of each geographic unit in the total advertising budget (percentage vertically) in column 6. A comparison of the two vertical percentage columns will reveal important information about the consistency of the communication strategy. In columns 7, 8 and 9 of Fig. 19h, the user enters an (x) in the geographic unit where the particular campaign will be run.

30 In a second chart as shown in Fig. 19i, step 386 gives an overview of the promotional campaigns in one geographic unit. In column 1, the types of promotions are listed that were selected in step 354. In columns 2 and 3, step 386 displays the size of the campaign and the dollar amount spent per 1,000, i.e., step 386 divides the size of the campaign by the total amount of the campaign and multiplies it by 1000. This indicator reveals, for example, the price of 1,000 samples that will be  
35 distributed. In columns 4 and 5, step 386 displays the sales targets per campaign and calculates the share of each campaign in the total sales (percentage vertically). In columns 6 and 7 of Fig. 19i, step 386 displays the budget of each campaign from step 384 and calculates the share of each campaign in

which should be similar. Finally, in column 8 of Fig. 19i, step 386 calculates the sales/ per \$10,000 indicator by dividing the sales targets by the budget and multiplying it by 10,000. This indicator indicates the projected sales per \$10,000 promotional expenditure. This indicator provides a basis for

5 comparing the cost efficiency of the various campaigns.

Step 388 measures the effectiveness of the promotional campaigns in a chart as shown in Fig. 19j. In column 1, the types of promotions are listed that were selected in step 354. In column 2, step 388 displays the size of the campaign. In columns 3 and 4, step 386 displays the sales targets per campaign and calculates the two indicators, i.e., the response rate and the cost efficiency coefficient.

10 The response rate is calculated by dividing sales by the size of the campaign and multiplying it by 100. The response rate percentage is the effectiveness ratio, i.e., it reveals what percentage of the size of the campaign resulted in sales. In column 5 of Fig. 19j, step 388 calculates the projected cost efficiency of each campaign by dividing sales by the budget of the campaign and multiplying it by \$10,000. This indicator reveals the sales targets per \$10,000 promotional expenditure. In columns 6, 7

15 and 8, the user enters the results of each campaign and step 388 calculates again the two indices. In column 9 of Fig. 19j, the campaign budget is displayed (data transferred from step 384).

In a final overview as shown in Fig. 19k, step 388 ranks the various types of promotion in the selected geographic unit and year according to their cost efficiency, i.e., the most efficient promotional campaign is the one where the brand sold most per \$10,000 spent.

20 In summary, step 34 identifies the types of promotion used for promoting the product and sets up an inventory of promotional campaigns for future reference. Then, step 34 develops the promotional strategy including the individual campaigns per geographic unit, provides several overview charts for reviewing the correctness of the strategy and finally, monitors the results of the campaigns.

25 Step 36 of Fig. 1b is the second step where the results of the marketing strategy is evaluated, i.e., did the user succeed in developing a marketing strategy that meets the predetermined sales and profit objectives. If yes, the user goes to step 40 and implements the plan. If not, then the user goes to step 38 which takes him or her back to step 14 and starts with developing new sales, market share and profit objectives. Then steps 24 to 36 are repeated.

30 In Fig. 11, a further aspect of this system 10 is shown. In particular, this system organizes the working platform of the user and gives marketing advise for solving the task to be carried out by each chart through the assignment of tasks to the function keys. The Function Keys were designed to be a marketing consultant to the user at each step of the planning process. The same functions are provided with each of the charts described above.

35 F1 (Step 400) is the help key. It explains not only how the chart on the screen works, but also the underlying marketing principles. First, the objective of the chart is defined. Second, the data is listed that the program enters automatically (because they were already entered in a previous step),

subcharts. Finally, there is detailed description of the task to be performed, i.e., what conclusions need to be drawn.

F2 (Step 402) switches the data in the chart between units and \$ values. Data is usually entered in units. Which variable is calculated and which is entered, e.g., the average price or the dollar value, is decided in Fig. 7 by step 250. This decision is valid for the entire program. Once the data is entered in the price section (Fig. 7), the system can calculate the values in a particular chart in dollar and display the numbers.

F3 (Step 404) lists the information needed to enter in the particular chart.

F4 (Step 406) lists the assumptions to be drawn from the chart, and provides the space where to record the assumptions. Step 406 works like a word processor. The user puts the cursor on the selected assumption and a wider screen opens up, where the user can type in his or her observations. Step 406 is vital for good planning because it enables the user to remember the thought process that was used when developing the strategy.

F5 (Step 408) lists the strategic options that are available to the user in the various market situations (this key varies with sections not with charts.) For example, under what circumstances will the user attempt to increase the overall market and under what circumstances will he/she try to increase his or her market share. The data in the chart reveals the brand's position. With the aid of this description, it will be easy to decide on the right strategy per geographic unit.

F6 (Step 410) lists the conclusions to be draw in each section and provides space to record the conclusions. It works similarly to step 406 as a word processor. Under F1 key, the system listed the conclusions to be drawn from each chart and gave advice how to go about it. The conclusions will be recorded under the F6 key which summarizes them by section (each element of the marketing mix).

F7 (Step 412) is the forecast key which plots the trend of the array of numbers on which the cursor is located according to the times series statistical formulae, plots the past development of the data entered, and projects them according to the statistical formula of linear, exponential, half logarithmic, parabolic, power function and hyperbolic calculations. By hitting F7 again, a small list of all the trend types is displayed, and the user can select the one that he or she wants to be entered in the chart.

F8 (Step 414) shows the flowchart of the section to which the chart belongs, revealing how the planner goes step by step from analysis to strategy development.

F9 (Step 416) gives chart explanations, and explains abbreviations to be found on the screen.

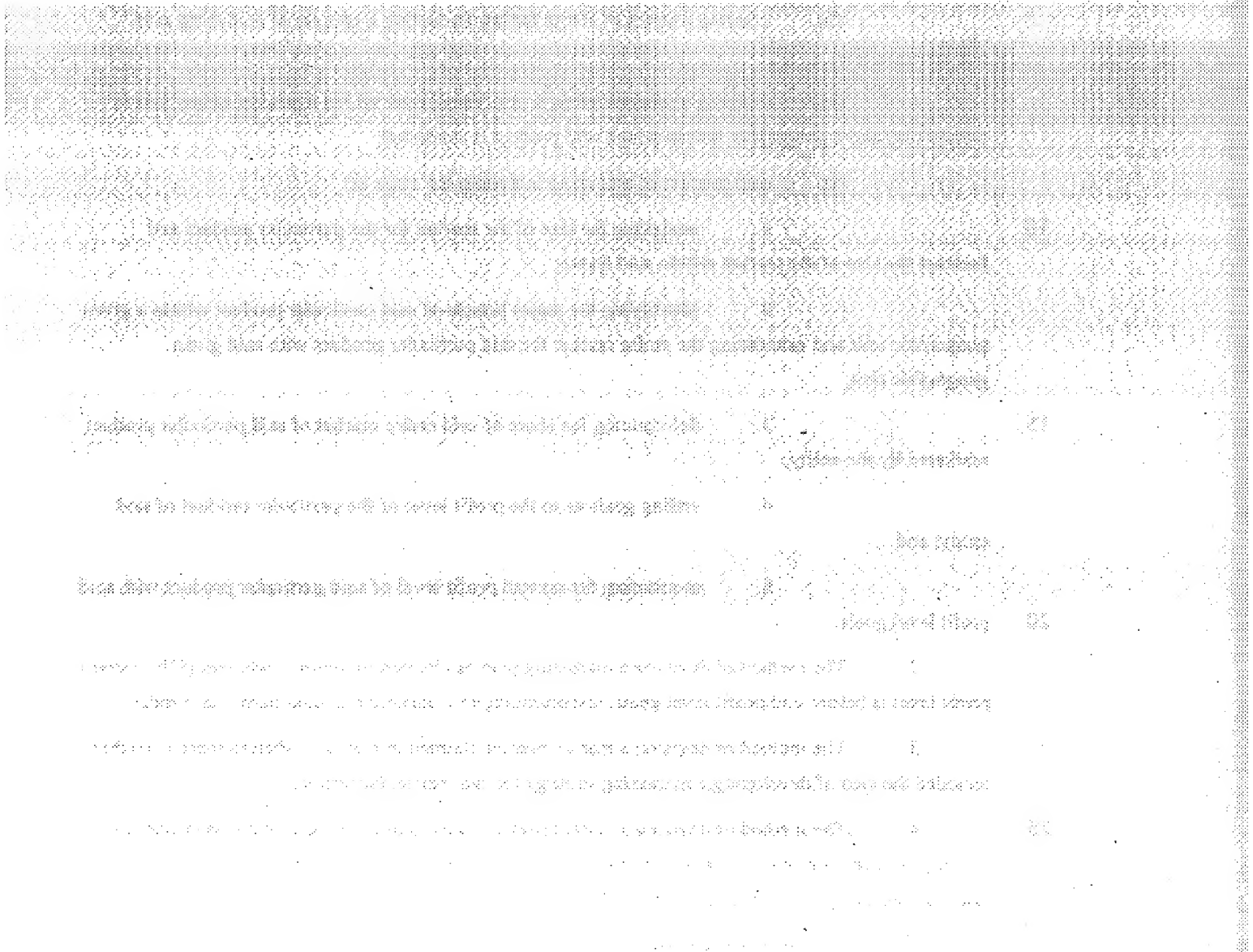
#### MARFIN: THE MARKETING CONSULTANT

400	402	404	406	408	410	412	414	416
Explains the marketing task,	unit/\$ switch	Information needed list	List of assumptions	List of strategic	List of conclusions	Forecast I	Section flowchart	Chart explanation



works								
F1	F2	F3	F4	F5	F6	F7	F8	F9

Fig. 11



1. A method of devising on a computer a marketing plan for a particular product/service provided by a given entity, said method comprising the steps of:

- (a) defining one or more variables that are used to carry out said method;
- 5 (b) creating a series of charts for implementing a process of analyzing said defined variables;
- (c) defining a product name, a time frame over which a process of analysis is carried out; and a geographic unit in which said product is marketed;
- (d) said process of analyzing including the steps of:
  - 10 1. analyzing the size of the market for the particular product and forecast the size of the market within said frame;
  - 2. identifying the major brands of said particular product within a given geographic unit and calculating the entire market for said particular product with said given geographic unit;
  - 15 3. determining the share of said entire market of said particular product marketed by the entity;
  - 4. setting goals as to the profit level of the particular product of said entity; and
  - 5. monitoring the current profit level of said particular product with said
  - 20 profit level goals.

2. The method of devising a marketing plan as claimed in claim 1, wherein if the current profit level is below said profit level goals, discontinuing the marketing of said particular product.

3. The method of devising a market plan as claimed in claim 1, wherein there is further included the step of developing a marketing strategy for said particular product.

25 4. The method of devising a market plan as claimed in claim 3, wherein said marketing strategy is a function of the following strategies: the development of said particular product, setting its price, determining its distribution, planning its advertising and determining its promotion strategy.

5. The method of devising a market plan as claimed in claim 4, wherein the current profit level of said particular product is compared with said profit level goals and, if less, adjusting

30 one or more of said strategies.